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PRICE FIXING:
What's the Answer?
TOP MANAGEMENT SPEAKS OUT

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DUN'S REVIEW AND MODERN INDUSTRY

VOLUME 77 NUMBER 5

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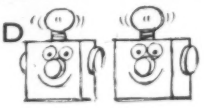
HOW TO GET THE MOST WITH THE LEASED

FROM THE BRRAINS AT REMINGTON RAND



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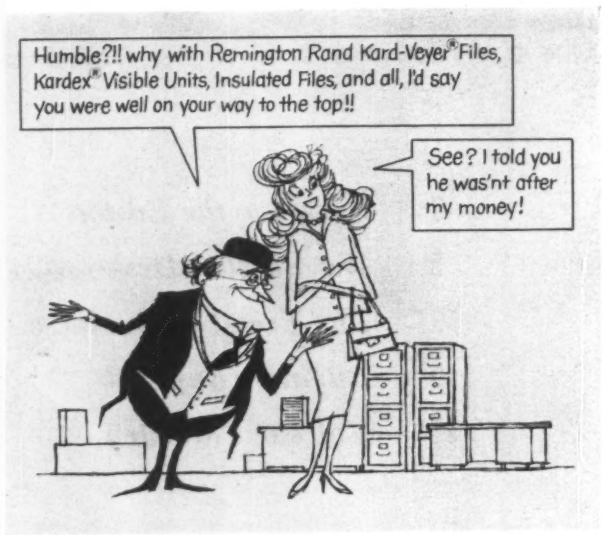
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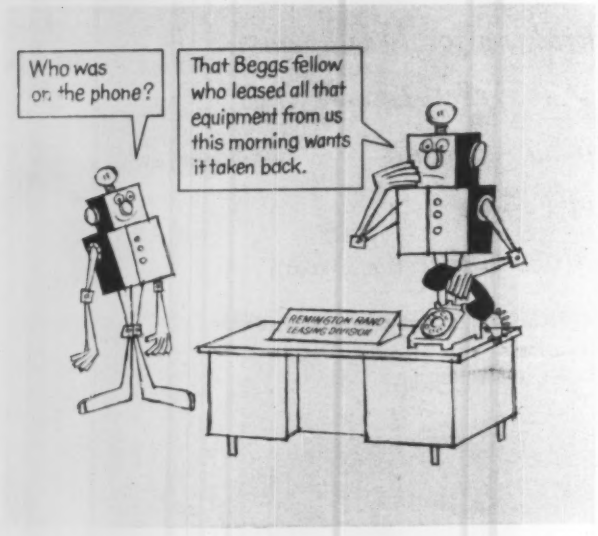
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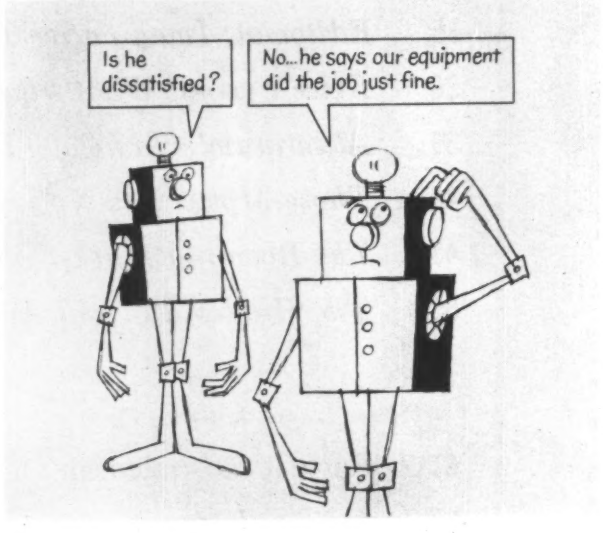

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Clear Case of Sabotage

To the Editor: One thing I've found about the February issue of DUN'S REVIEW is that stray copies in airplane racks and on reception room tables are quite generally mutilated. Pages 41 to 44 are missing!

Could it be that self-conscious "overworked executives" have torn out Clarence B. Randall's exposé of them ["The Myth of the Overworked Executive"], to chuck in their briefcases for quiet midnight contemplation? Or have they taken out the pages in a desperate attempt to escape detection by lessening the number of readers who might point the finger of shame?

JOHN LAWRENCE MONROE
Director
Commerce and Industry Division
Henry George School of Social Science
Chicago, Ill.

The Wrong Impression

To the Editor: I noted with interest the Presidents' Panel report on "What Business Wants from Kennedy" (DUN'S REVIEW, March). What particularly caught my eye was the view of many of the Panelists that the President is really a conservative.

To my mind, this conclusion is incorrect. The Administration's performance to date has demonstrated that President Kennedy is a thoroughly liberal—but *practical*—political leader. It must be remembered that the Republican vote, together with the Southern vote for unpledged electors, slightly exceeded the Kennedy vote in the November election. When you add other conservatives who had supported Eisenhower but voted for Kennedy last year, the clearest conclusion is that the majority of total votes cast were cast by conservatives.

As a practical politician, the President realizes, then, that his first task is to broaden his public support. To do this, he will proceed slowly at first, will appoint business leaders to top Cabinet posts (but not to second- and third-echelon positions), and will use his excellent public relations staff to depict himself as a moderate. Then, if the popularity of his Administration increases, I think we can expect a sharp turn to the left. Public opinion is being readied for this even now, e.g. the Attorney General's frequent references to the convicted electrical company executives.

In order to prevent this change of direction, it is of the utmost importance that business leaders accelerate their efforts to educate the public to the benefits of an unfettered economy and the ills of a Government-backed program of inflation.

J. DUDLEY DEVINE
President
New York Young Republican Club
New York, N.Y.

Concentrated Customers

To the Editor: May I offer a tip for readers of "The Booming Education Market" (DUN'S REVIEW, February)? New construction statistics are often a good indication of sales opportunities, and in the educational market, they show a very interesting picture. In 1959, new educational building construction totalled $3.6 billion. Of this, $2.6 billion was spent by public schools, the other $1 billion by private and parochial schools, colleges and universities. And of the public school expenditures, 87% was spent by the relatively small handful of school districts enrolling 1,000 or more students. Thus, while education is a big and booming market, it is a highly concentrated one for sales management to zero in on.

It is also an often misunderstood market—and you have my congratulations for an excellent analysis of it.

CRAIG F. MITCHELL
Assistant Publisher
Overview Magazine
New York, N.Y.

Stitch in Time

To the Editor: In my opinion, one of the major brakes on business expansion is the unhealthy attitude of local governments. Consequently, I was much interested in "Second-Guessing Comes High" (DUN'S REVIEW, March)—and plan to send copies of it to at least a dozen local officials.

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WASHINGTON DESK

DUN'S REVIEW
AND MODERN INDUSTRY
May 1961

President Kennedy's more liberal advisers are frankly admitting their disappointment these days. He has unveiled most of this year's legislative program--and it falls far short of what they wanted. The President has made it crystal clear that they can lay out "ideal" programs, but that he must make the final decisions. His verdict was that neither Congress nor the country would accept the measures his advisers proposed.

One way to check Mr. Kennedy's programs is to compare them to the platform that the Democratic Party adopted in Los Angeles last summer. They are much more modest than the platform. Another approach: put them alongside the recommendations of the special task forces that reported to him during January. Again, they are more modest.

But the liberals think they will do better next year. Many of their programs require heavier Government spending. Mr. Kennedy will be more willing to accept them--if business activity is still soft.

One of the most liberal groups within the Administration is the three-man Council of Economic Advisers and there is no secret about what it thinks. Chairman Walter W. Heller and his colleagues believe that the business upturn will be sluggish. They predict that the Gross National Product will climb to a yearly rate of, at most, $525 billion in the fourth quarter--closing only half of the $50 billion "gap" in production the Council says existed at the start of the year and leaving the jobless rate at a politically unacceptable 6%.

The test of the Council's views--and of Mr. Kennedy's attitude--will come during the late fall when the President puts the final touches on his January budget message. That is when he will have to decide whether he wants a bigger package of liberal programs next year.

* * *

This is the time for businessmen to raise capital, argue Treasury and Federal Reserve authorities. Credit, they point out, is readily available. Stock prices are high, which makes equity offerings attractive. And for those who prefer debt issues, interest rates are still close to their recession lows.

The Administration has high hopes that borrowing costs will not rise very far during this upturn, though it does not expect them to go any lower either. Interest rates rose sharply after the last recession, and the initial rise in the spring of 1958 was caused by a dramatic shift in expectations. Businessmen and investors, losing their recession-born pessimism, began to look for burgeoning loan demands and spiraling interest rates.

A comparable change in expectations has taken place this year. But

interest rates have not risen sharply. Government experts think that the same forces that kept rates from soaring during recent months will work to keep rates in check during the months ahead.

There is a widespread notion in Wall Street, too, that rates won't climb as rapidly as they did after the 1958 slump. The Government won't be hitting the market as hard as it did last time, for the Administration expects to have to finance only a $2.8 billion deficit instead of the mammoth $12.4 billion deficit that President Eisenhower had to underwrite in fiscal 1959. Too, the savings supply is large. The Federal Reserve has no plans for an abrupt tightening of its credit reins. And since lenders don't expect inflation or a runaway boom, they are more willing to lend at moderate interest rates.

* * *

New rules, imposed by the Administration, now are being tested out by the Commerce Department's powerful Business Advisory Council at its Hot Springs, Va., meeting. And Council members are saying privately that they are less than happy about the revisions.

Loudest grumbling is directed at a new requirement that sessions must be open to the press. The policy change was dictated by widespread complaints that BAC members had access to confidential Government information kept secret from their competitors and the public at large.

Opening the meetings to newsmen deprives the BAC gatherings of some of their aura of exclusiveness. But BAC members like belonging to the advisory group mainly for the prestige it gives them and for the opportunity it provides to get on intimate terms with influential Administration policy makers. The guessing around the Commerce Department is that those attractions are undiminished.

* * *

Small business is getting a stronger helping hand from the Administration. Congress is certain to renew the Small Business Administration's authority to make loans to local development companies to finance new facilities. Even though the operation has been something less than a howling success during the three-year trial period that ends June 30, the new SBA Administrator John E. Horne has launched a vigorous drive to get the program renewed--and off the ground.

The program's goal is to help local communities establish healthy small businesses, but the unimpressive record to date shows only 95 loans totalling $9.8 million. Participating commercial banks have provided an additional $1.2 million. Currently, the SBA has twelve loans totalling $1.2 million in its processing pipeline.

* * *

Floating a new issue of stock? Plan far ahead if you want to raise capital by selling securities for there's been a steady rise in new issues and the Securities and Exchange Commission is snowed under.

The startling fact is that the median clearance time is now 40 days for an offering by an established company whose operations are known to the SEC. A company that is new can expect a 65-day delay from the time it files.

--Joseph R. Slevin

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The Trend of BUSINESS

ORDERS: *Durable billings picking up*
HOUSING: *More life in the second-half starts*
OUTPUT: *Due to match the record before year-end*
FAILURES: *March tolls at postwar high*

THE RECESSION, it seems, has just about run its course. Yet it's still too early to expect any sudden, sharp comeback in business activity or to look for anything like a boom in the next few months. Consumers are still acting a bit tightfisted. Businessmen will remain cautious as far as inventories and new plant and equipment outlays are concerned. But over-all economic activity will start picking up some steam a little later in the year, when consumers and businessmen are more willing to loosen the purse strings. And higher levels of Government spending will also stimulate a rise.

Although this pick-up in activity will mean more jobs for more people, unemployment will stay at relatively high levels throughout the year.

It will be slow going at first, but industrial production will probably touch its pre-recession peak again before the end of 1961.

In the months immediately ahead, output gains in steel, utilities, farm machinery, and possibly autos will nudge the Federal Reserve Board's Index of Industrial Production up from the recession's low point of 102 (1957=100), hit last February. Later on, the Index will also register a gain supported by production increases in appliances, industrial machinery, coal, textiles, apparel, and other lines. And before the last quarter is out, it is highly probable that it will even hit the January 1960 record of 111.

The recovery in the steel industry that started early this year is still going strong and will continue at the same pace in the coming months, even though orders are running below expectations. Most steel officials believe that users' inventories are at extremely low levels. They expect that as business activity gains momentum during the second half, these customers will have to step up their orders appreciably.

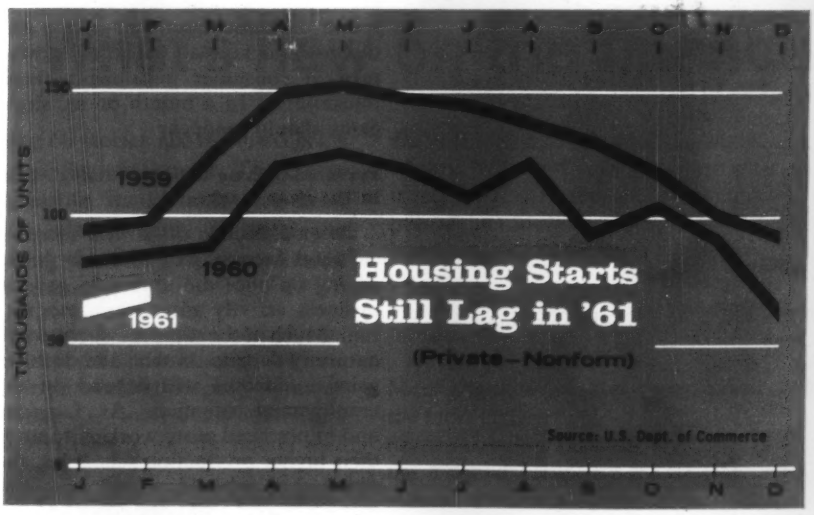
So far, the bulk of new orders for steel have come from the construction, oil, and farm machinery industries. Bookings will start to rise soon from auto, appliance and machinery manufacturers, and most other users, as well—which means that significant gains in steel output in the last six months will push over-all production figures for 1961 close to 1960.

U.S. steel exports will still have to buck the increased competition from European and Japanese producers, but imports into the U.S. have been posing less of a threat than they did late in 1959 and early in 1960. There is every reason to expect that higher prices on foreign steel and the domestic producers' continued sales push will keep the impact of imports down.

The auto industry has already upped its second-quarter output schedules.

With higher sales and some reduction in dealer inventories, auto-makers now plan to turn out more cars in the second quarter than they'd previously scheduled. Actual production levels depend, of course, on how well sales hold up.

Since there's a possibility of labor difficulties late in the summer, shutdowns for the model changeover will probably come much earlier than usual—shortly after mid-year is one guess. This, plus a strike if there is one, would cut into third-quarter output. But it would also mean a sharp upturn late in the year, though it's doubtful it would be strong enough to offset early 1961's low output level. Unit production this year, in fact, is not likely to equal 1960, and in dollar terms the decline from last year will be even greater, since low-priced compacts will claim a greater share of the market.


J F M A M J J A S O N D
THOUSANDS OF UNITS
1959
1960
1961
Housing Starts
Still Lag in '61
(Private—Nonfarm)
Source: U.S. Dept. of Commerce
J F M A M J J A S O N D

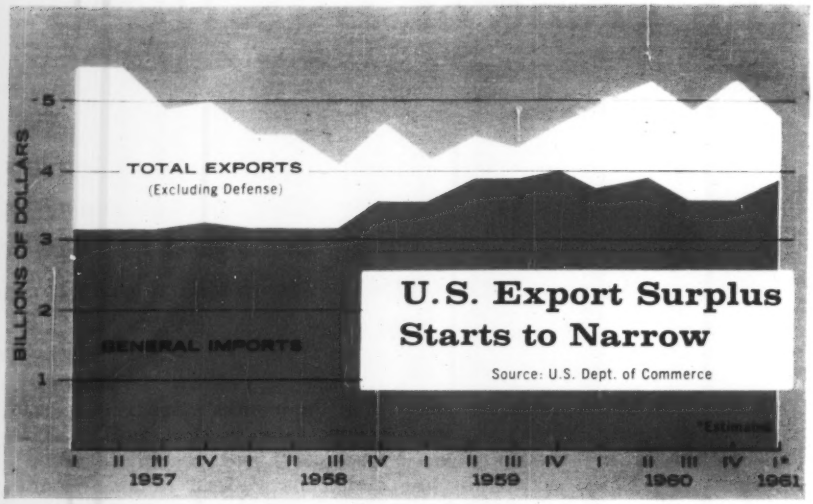
DESPITE THE PICK-UP early this year, new housing starts lagged behind year-earlier figures. But gains during the second half will be a lot healthier.

New orders for durable goods will show more gains, with a pick-up in momentum later this year.

Manufacturers' new orders for durables have been propped by defense business in recent months and now it looks as though most non-defense hard goods industries will soon see a gradual upturn in bookings. This recovery, in fact, will be behind much of the rise in over-all industrial production.

But the order gains that show up in the months immediately ahead will be modest. Businessmen will tend to be more cautious about adding to inventories than they were in any of the other postwar upturns, when they seem to have been more eager for higher inventory/sales ratios.

Inventory cutting among retailers has a little way to go yet, and no build-up is probable much before fall. But manufacturers and wholesalers have now just about reached bottom in their liquidation of inventories, and we can expect some accumulation during the summer.



A SMALL DIP in exports and a slight rise in imports have been cutting into the export surplus, and 1961 is not likely to be quite as good a year as 1960.

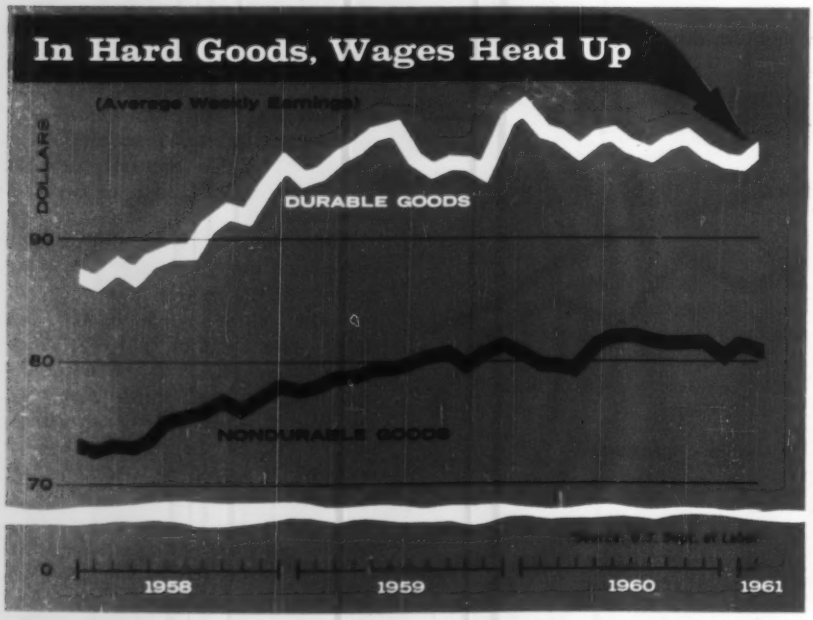
Nothing spectacular in retail trade is likely through the summer, but volume will run a bit ahead of summer 1960.

Retail trade has held up pretty well so far, in spite of the early Easter this year and spring weather in some areas that had a dampening effect on sales. As shoppers gain more confidence in business conditions, retailers can expect to prosper even more. There are year-to-year gains ahead in most lines, in fact, with the exception of major appliances. Even here, the declines will narrow, and by fall volume will start coming close to what it was a year ago.

Over-all volume in retail trade for 1961 should show a gain of 2% or 3% over 1960, and little of this rise will be the result of price increases, since relatively few price tags will be marked up.

But consumers are not going to embark on any spending spree this year, even though, as the University of Michigan Survey Research Center learned in January and February, they're not as pessimistic as they were in the 1958 recession. The Center's *1961 Survey of Consumer Finances* reveals a picture of prudence, and the consumers surveyed were still wary of making plans to buy big-ticket items such as autos, appliances, and furniture.

Once they realize that a business upturn is actually under way, however, they will be less hesitant to spend on those big-ticket items, and this will quickly halt the recent downturn in consumer installment credit outstanding. In a month or so, slight gains should reappear.



WITH HIGHER OUTPUT, more new orders, and longer workdays, durable goods industries may up their average weekly wages even more later this year.

Personal income will start rising again in the near future.

After a decline of several months, personal income will probably begin edging up once the upturn in general business activity gains more momentum. Much of the retailers' success will naturally depend on this, and, in turn, gains in income will depend on the employment situation. As factories and mines need more workers to meet their higher production schedules, the number of jobholders will rise. But manufacturers will continue to be extremely conscious of labor costs. They will be concentrating on both

The Chase Manhattan Tower at Dawn—Photo by Erich Locker

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Company_____

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labor-saving methods and equipment, and this will restrain the gains in employment.

Even though the gradual build-up of workforces will make some inroads into the number of unemployed, the unemployment rate will remain high throughout the year. Seldom will the increases in hirings and rehirings keep pace with the growing number of job-seekers. Personal income, however, will be bolstered by direct Government aid to the unemployed and by unemployment insurance.

Except for possible advances in the cost of services, consumer prices will show little increase during 1961.

With no real boom in sight, most consumer and wholesale prices will stay close to current levels, even after the second-half business upturn begins. The Consumer Price Index may record a definite upward movement right before year-end, but for 1961 as a whole it will show only a fractional rise from 1960. What increase there is will come mostly from higher prices on such services as medical and personal care and recreation. More inflation may be ahead in 1962, however, particularly if the Federal Government decides to finance any deficit spending through the commercial banks.

The lack of any increase in housing and construction costs, along with any easing of mortgage terms, could give a lift to new housing starts throughout the rest of this year, although second-half gains will not be dramatic enough to carry 1961 home construction outlays much over 1960.

Yet over-all construction expenditures this year are apt to show a slight gain over last. They will draw support from outlays for construction of commercial structures, such as office buildings, stores, and garages, and from public spending for highways, schools, and hospitals. During the last half, industrial construction will also start benefiting from the plans businessmen are now making for moderately higher new plant and equipment outlays. Much of this activity will, of course, depend on how they view the prospects for 1962, how current sales are going, and what profits they expect for 1961.

This report was prepared in the Business Economics Department, DUN & BRADSTREET, INC., by John W. Riday.

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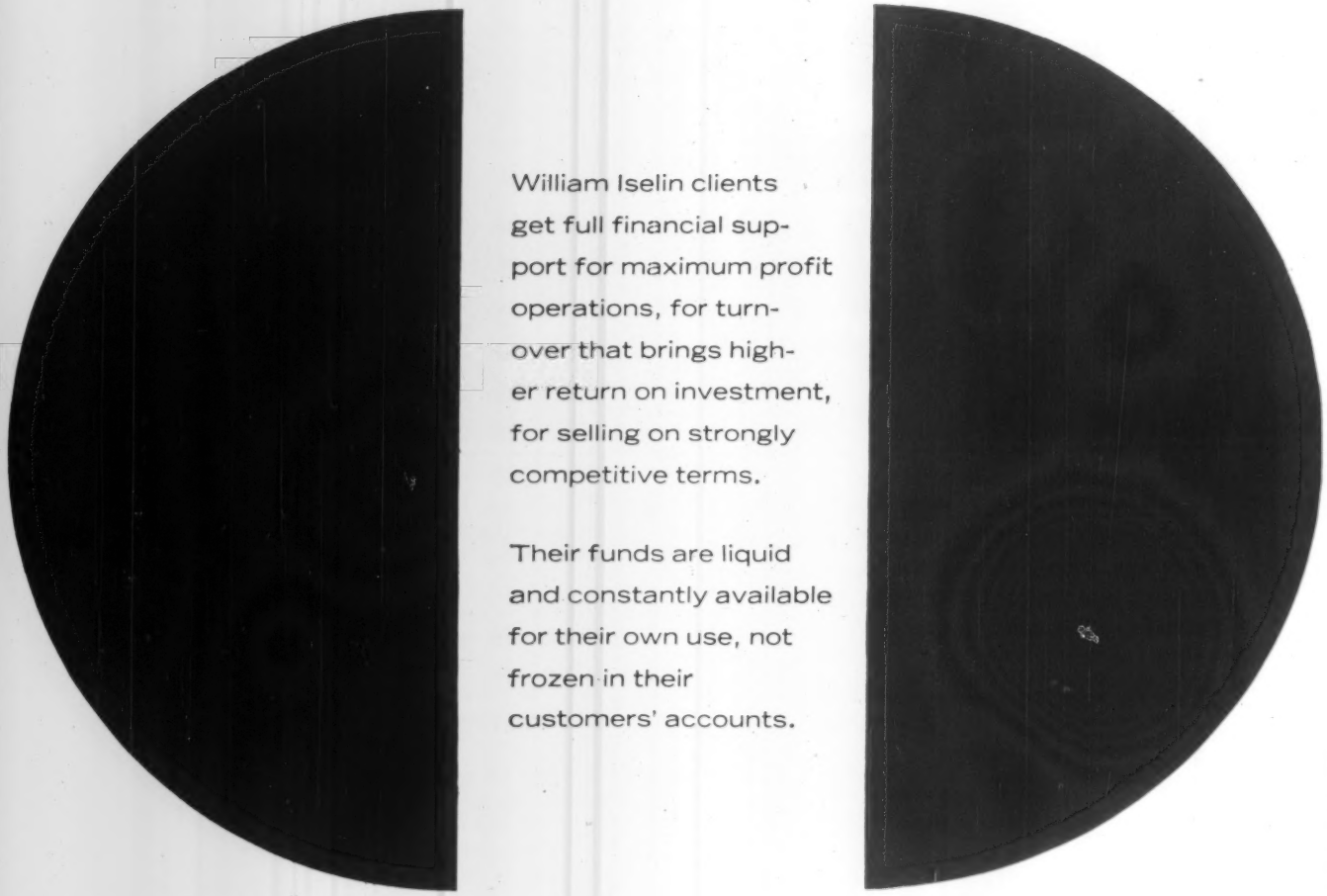

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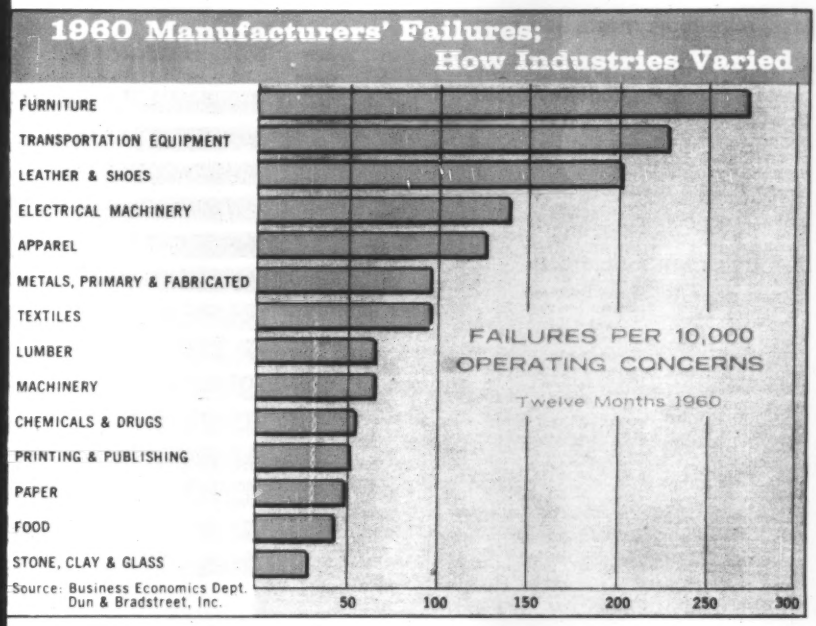
Business Failures

Tolls go past 1958 peak

Million-dollar losses at new high



BUSINESS FAILURES, up in March for the fourth straight month, rose 11% to 1,610, a new postwar high. This toll ran 21% above the March 1960 level and exceeded by 8% the previous postwar peak set in March 1958, when 1,495 failures occurred.

There was little change, however, in the seasonally adjusted failure rate which relates failing concerns to the total operating business population. The March casualty rate stood at 63 per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*, midway in the range of 61 to 65 prevailing for the last six months.

A strong upsurge among failures with losses in excess of $1 million lifted total current liabilities 44% in March to $126.6 million, slightly above the previous record level reached in June last year. Retailing and service losses bulked considerably larger, especially in the Middle Atlantic and Pacific States.

Manufacturing failures, after holding virtually steady for five months, rose noticeably in March. Tolls ran heavier than in February in all industries except machinery and transportation equipment. The steepest upturns were noted by food and apparel manufacturers.

Mortality in retail trade edged up for the sixth consecutive month. Failures in the food, general merchandise, apparel, and restaurant trades reached

continued on page 16

THE FAILURE RECORD

	Mar. 1961	Feb. 1961	Mar. 1960	% Chg.†
DUN'S FAILURE INDEX*				
Unadjusted	67.3	73.8	55.2	+22
Adjusted, seasonally	62.9	64.2	51.1	+23
NUMBER OF FAILURES	1610	1449	1335	+21
NUMBER BY SIZE OF DEBT				
Under $5,000	164	170	153	+ 7
$5,000—$25,000	677	629	617	+10
$25,000—$100,000	528	475	402	+31
Over $100,000	241	175	163	+48
NUMBER BY INDUSTRY GROUPS				
Manufacturing	271	229	224	+21
Wholesale trade	152	149	143	+ 6
Retail trade	786	693	607	+29
Construction	266	262	241	+10
Commercial service	135	116	120	+13
LIABILITIES (*in thousands*)				
CURRENT	$126622	$88083	$70193	+80
TOTAL	130197	88761	70393	+85

*Apparent annual failures per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Per cent change, March 1961 from March 1960.

In this record, a "failure" occurs when a concern is involved in a court proceeding or in a voluntary action likely to end in a loss to creditors. "Current liabilities" here include obligations held by banks, officers, affiliated and supply companies, or the governments; they do not include long-term publicly held obligations.

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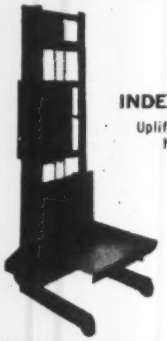
Portable cranes, barrel and carboy handling and dumping lifts and similar types of equipment are based on the same rugged Revolvator components and design as the basic portable elevator.

INDEX No. 11.17

Revolvator portable elevator. Electric powered telescopic mast type shown. Revolving bases and other features available.

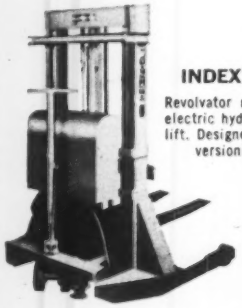


INDEX No. 11.21

Uplifter with two speed hand hoist and dual capacity. Stock unit available in standard sizes.

INDEX No. 11.22

Uplifter with electric hydraulic hoist with two roller chains. Stock models available in two sizes and capacities.

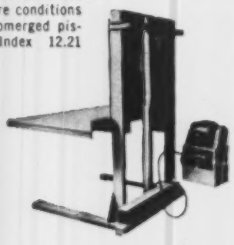


INDEX No. 13.22

Revolvator manually moved, electric hydraulic hoist fork lift. Designed for later conversion to fully powered Go-Getter.

INDEX No. 11.31

Revolvator semi-portable hydraulic lift table. For sheet feeding, etc. Where conditions do not permit submerged pistons as with Index 12.21 models.



INDEX No. 31.10

Revolvator barrel dumper with either hand or electric hoist. Either front or side dumping models discharging at any reasonable level to suit requirements.

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the highest levels since last June, and furniture and auto dealer tolls set new postwar records. Casualties among building materials dealers held even, and those among drug stores fell to the lowest in nine months, but these were the only two exceptions to the general retailing rise.

All types of business suffered higher tolls than in March last year, but the sharpest climbs occurred in retailing and manufacturing. Over-all, there was a 29% rise from the 1960 levels in retail trade, but restaurant and automotive failures surged up 37% and 57% respectively. In the service line, hotel casualties jumped considerably in both number and dollar liabilities.

All regions except the North Central States reported more failures in March than in February. In all regions, mortality exceeded last year's levels. The smallest rise—10%—occurred in the Middle Atlantic, and the largest—31%—in the South Atlantic States.

FAILURES BY DIVISION OF INDUSTRY

	Cumulative total (Three Months)		Liabilities in million $ (Three Months)	
	1961	1960	1961	1960
MINING, MANUFACTURING..	728	630	75.9	57.0
Mining—coal, oil, misc..	23	21	2.9	4.1
Food and kindred products	49	43	9.3	3.0
Textile products, apparel.	140	110	13.9	9.5
Lumber, lumber products.	118	116	8.9	5.5
Paper, printing, publishing	60	44	3.3	2.7
Chemicals, allied products	26	18	2.1	1.1
Leather, leather products.	18	23	2.2	3.2
Stone, clay, glass products.	17	8	1.2	1.1
Iron, steel, products.....	47	51	4.7	7.8
Machinery.....	69	61	6.3	5.8
Transportation equipment	34	24	6.6	3.3
Miscellaneous.....	127	111	14.3	10.0
WHOLESALE TRADE.....	452	352	39.0	25.4
Food and farm products..	85	90	5.6	9.7
Apparel.....	16	8	1.2	.3
Drygoods.....	5	9	.4	.3
Lumber, bldg.mats.,hdwre	56	56	6.1	3.5
Chemicals and drugs....	13	9	4	.3
Motor vehicles, equipment	33	23	1.5	1.1
Miscellaneous.....	244	157	23.8	10.4
RETAIL TRADE.....	2164	1803	110.5	46.8
Food and liquor.....	285	228	30.9	5.7
General merchandise....	82	68	6.3	2.5
Apparel and accessories..	285	282	14.7	6.5
Furniture, furnishings...	287	267	13.1	8.6
Lumber, bldg.mats.,hdwre	138	109	5.2	3.5
Automotive group.....	395	289	15.2	6.8
Eating, drinking places...	395	320	14.3	7.8
Drug stores.....	48	45	1.5	.9
Miscellaneous.....	249	195	9.3	4.3
CONSTRUCTION.....	747	629	46.5	42.2
General bldg. contractors.	268	242	19.8	21.8
Building subcontractors..	431	348	23.0	17.5
Other contractors.....	48	39	3.7	2.8
COMMERCIAL SERVICE.....	372	316	24.4	13.4
TOTAL UNITED STATES.....	4463	3730	296.2	184.8

Liabilities are rounded to the nearest million. They do not necessarily add up to totals.

This report was prepared in the Business Economics Department by Rowena Wyant.

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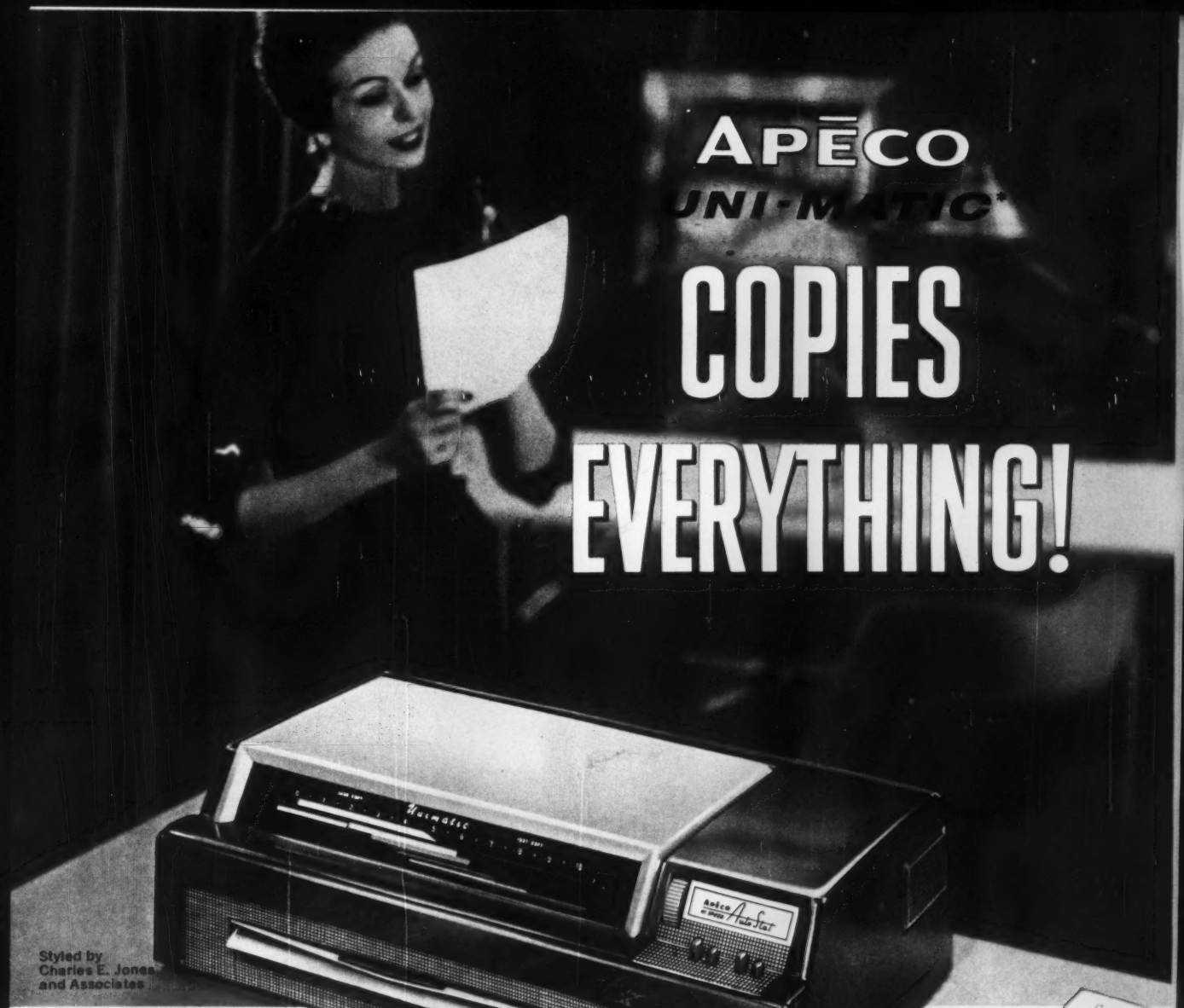

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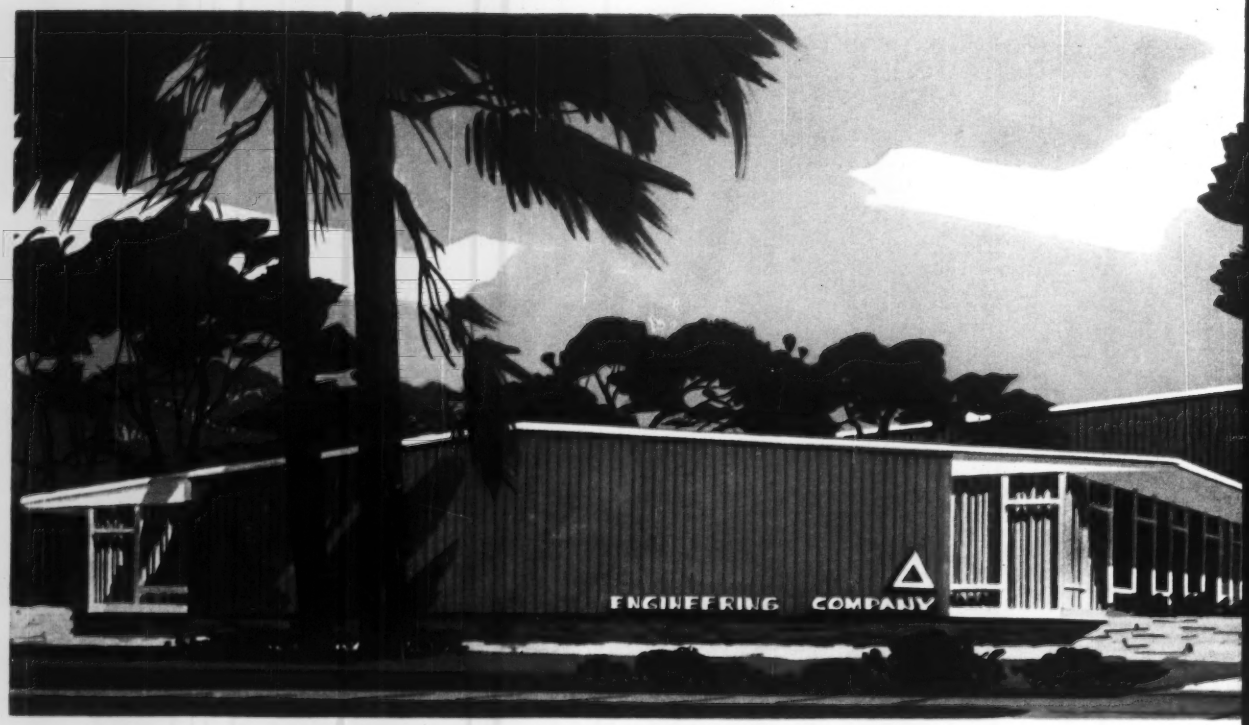

Designed by James John Derks, Architect

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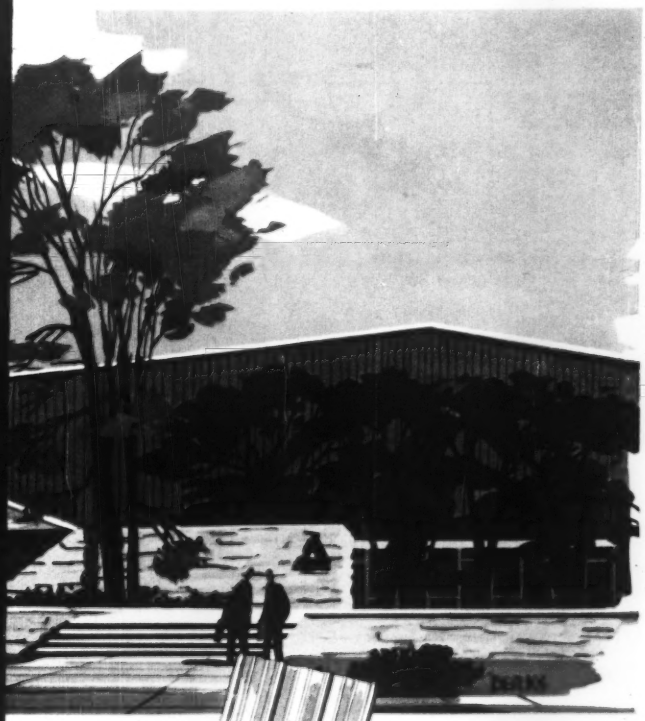
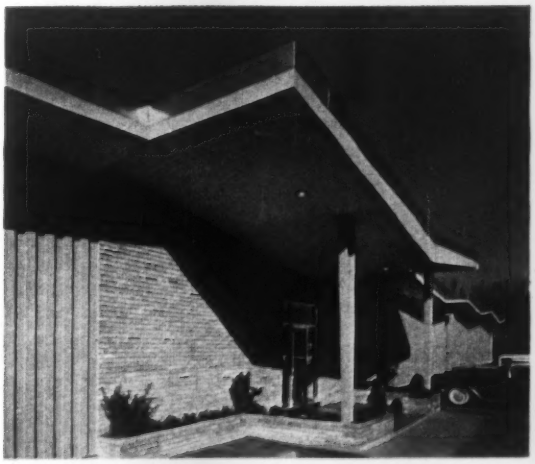
Architect / Ragnar Qvale Associates





Architect / Ira J. Castle

Architect / D. Clarence Wilson, A.I.A.

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The Rock Island has many choice industrial sites available in the Chicago area... with particularly choice locations in Calumet Harbor-Port Chicago. If the following information about Chicago interests you, get in touch with us for more specific details. We'll work with you in strictest confidence.

LABOR: Total population of the Metropolitan area over 6,600,000; labor force of 3,030,700 with 2,545,400 non-agricultural wage and salary workers.

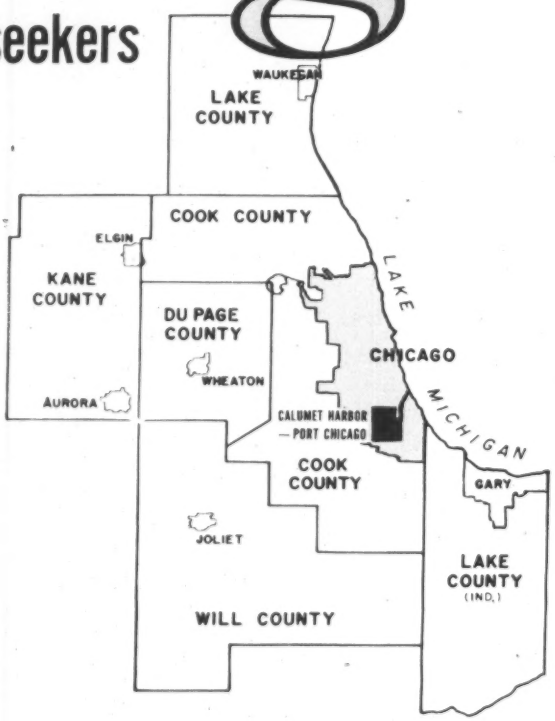
POWER: 22,937,000,000 KWH electric power produced per year; 192,166,000 therms of industrial gas consumed annually; 359,000,000,000 cu. ft. of natural gas delivered by pipeline yearly; one half million barrels of crude oil piped directly into Chicago area refineries daily.

TRANSPORTATION: The Rock Island and 19 other railroads; 14 airlines, 12 of which offer direct service abroad; 500 inter-state truck lines; 2,000 local truckers; 900 inter-city and inter-state bus lines; 18 international shipping companies with 482 overseas vessels calling in 1960.

HOUSING: 47,609 dwelling unit permits issued in 1959—35,432 of them single family units, 12,177 apartments.

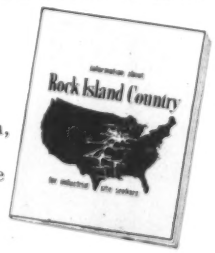
THE COMMUNITY: 345 public and 376 parochial elementary schools; 42 public and 85 parochial high schools; 855,000 total enrollment; 20 colleges and universities; 143 hospitals with about 50,000 beds; approximately 8,100 doctors in Cook County; 200 technical schools; 168 public parks; over 200 miles of boulevards.

COMMERCIAL SERVICES: 14,500 factories in the Chicago area; 11,250 wholesalers; 75 separate retail shopping centers within the city limits; 58,000 retail stores.



CLIMATE: Average annual temperature 50°; average normal precipitation 32.72" per year.

INFORMATIVE BROCHURE describes 12 key markets in Rock Island Country. This fact-packed "Rock Island Country" booklet, as well as further details on industrial sites in Chicago, may be obtained by writing on your company letterhead to P. J. Schmidt, Manager, Industrial Development, Department 172, Rock Island Lines, LaSalle Station, Chicago 5. The brochure and supplementary information will be mailed in a plain envelope marked "Confidential."



Rock Island

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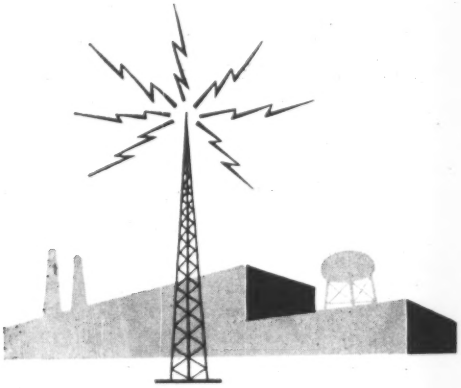
The railroad of planned progress ... geared to the nation's future

Chicago 5



Voice of Industry

Marketing statesmanship—a call for partisans

No time for flag-waving

Needed: new policies on depreciation

The critics' search for order

EUGENE B. MAPEL, Vice-President, The Chase Manhattan Bank

A Step Beyond Strategy

What is marketing statesmanship? Marketing statesmanship implies an insight into the foreseeable future and a commitment to that future. The "foreseeable" is important here—not the distant future, but the time that can be discerned by understanding, realistic contact with the present. Victor Hugo once said "No army can withstand the strength of an idea whose time has come." If you get an idea too early, you may become a martyr. But if you get it at the right time, you are a statesman.

But in reflecting on some of the glamorous elements of marketing statesmanship, we risk neglecting the bread and butter one—profit. We think of statesmanship as being above partisanship. Yet the statesman is a strong partisan. He is not unwilling to risk correcting defects, but he is committed to the survival of his organization. Without profit, a business wastes one highly perishable commodity—the creative energy and talent of its people. All the components of marketing statesmanship are important, but profit is a necessity.—*From an address to the Sales Executive Club of New York.*

•

HARVEY WILLIAMS, President, Philco International Corp.

The Marines Won't Follow

When you go abroad, don't wave the flag. If you get into trouble, it will give you little help—the days of landing marines to protect American capital are past. Companies abroad which

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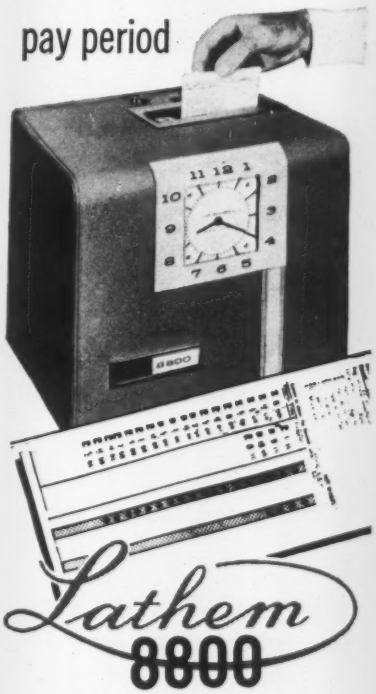
for any length pay period



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try to become part of the local society enjoy the soundest position. One never criticizes publicly a member of the family as quickly as one does an outsider.

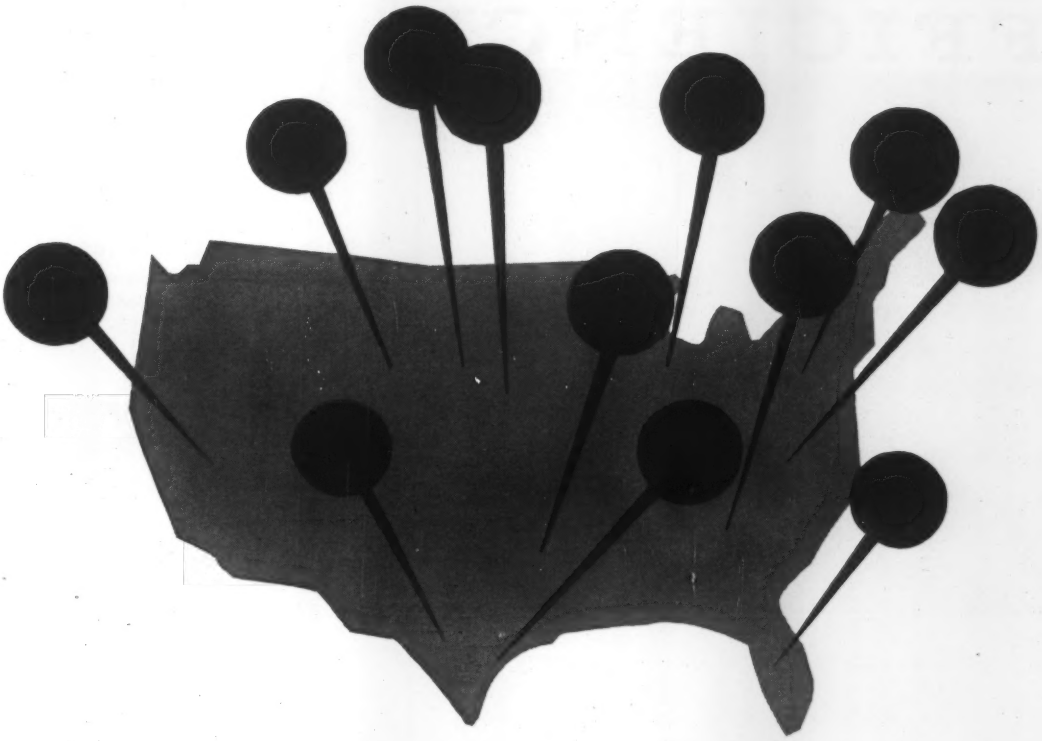
Remember that the American businessman who goes abroad has a great advantage over our official diplomatic representatives: If he is intelligent and modest, he need not suffer from local dissatisfaction with official U.S. policy. He is the man who is creating new employment, new skills, new products, new profits. These activities by themselves will gain cordial local support. But it is extraordinarily important that he understand the traditions, religion, social customs, history, and economics of the countries where he intends to do business. Without such knowledge, he can inadvertently become a liability to the U.S. With it, he can win deep-seated confidence and friendship, to his own profit and to the great benefit of American international relations.—*From a talk before the New York Chamber of Commerce.*

•

MAURICE E. PELOUBET, Pogson, Peloubet & Co.

Reform vs. Incentives

While it is all to the good for the public and Congress to be informed, not only of the details of depreciation reform but of the fact that there is widespread demand for it, many accounts which appear are misleading. We should be very careful to distinguish between incentives to expand facilities and depreciation reform. Temporary incentives—such as the allowance of a large write-off in the first year of any purchase of machinery or a lower tax rate or a tax credit



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Keysort® Data Processing

Today, the businessman must know exactly *what* is being sold *where*. Yet, to the small- and medium-sized company, most data processing systems that can deliver this information *on time* are prohibitively expensive. Except Keysort.

Flexibility and economy

Keysort is the only automated data processing system flexible enough to fit your business as it stands *and* as it grows. It is the one system adaptable and affordable to companies of every size. Remarkably simple to use, Keysort requires only minimum training. It imposes no restrictions on your way of doing business, yet provides the whole range of management reports – order and sales analysis, territory analysis, inventory, etc.

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Mechanically created, Keysort cards are code-notched with your vital information. Writing is thus reduced to a minimum. Figures are automatically tabulated and summarized direct to reports. You get the information you need *when you need it*. With least effort. And at lowest dollar cost.

Documented case histories

Your nearby Royal McBee Data Processing Systems Representative will be glad to discuss a low-cost Keysort system tailored to your individual requirements. Call him, or write us at Port Chester, N. Y.—indicating the applications in which you are interested—and we will supply you with actual case histories from our files.

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NEW CONCEPTS IN PRACTICAL OFFICE AUTOMATION

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City ..... State .....

as a reward for investment—may be necessary and useful in an emergency, but they are not a substitute for depreciation reform. And if expansion, rather than the maintenance of present facilities and investment, is desired, outright subsidies or very low interest loans might be more effective, less complicated, and possibly no more expensive.—*From an address delivered before the National Association of Accountants.*

•

WILLIAM S. BEINECKE, President, The Sperry and Hutchinson Company.

The Waste Finders

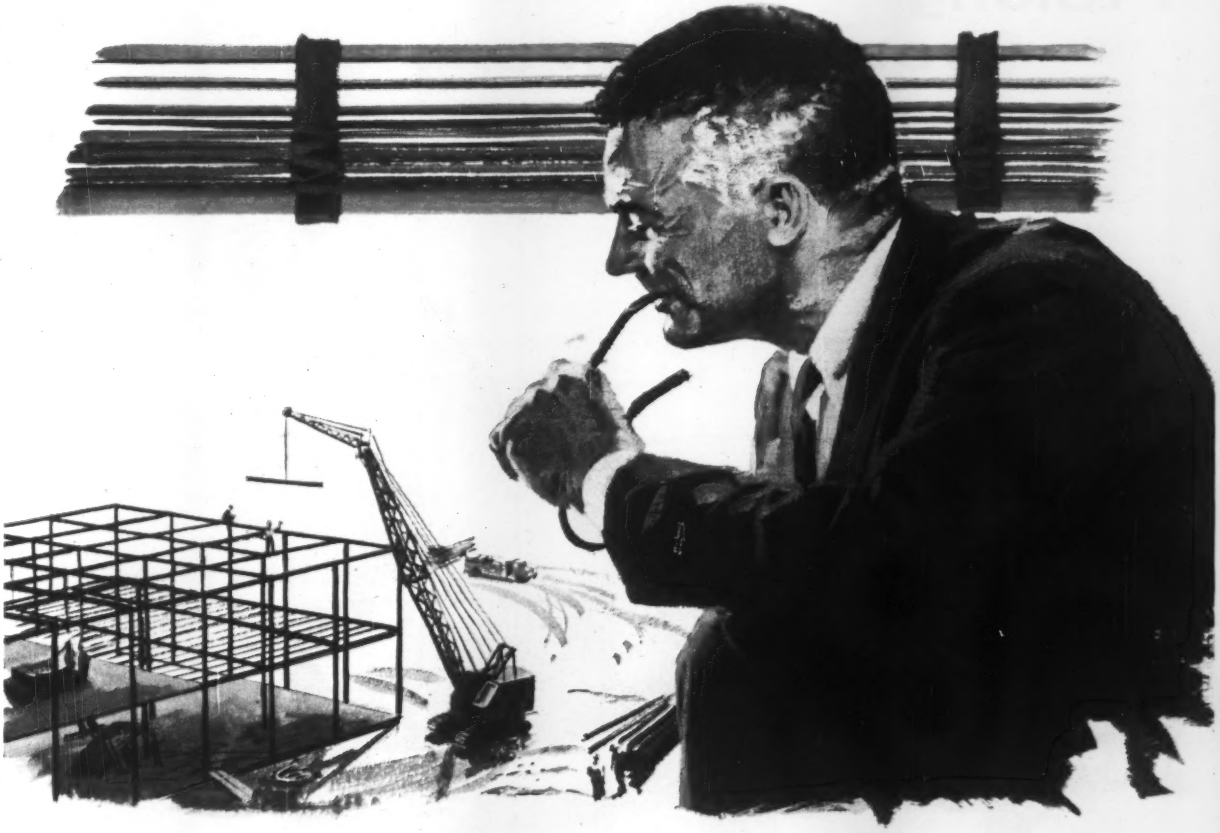
The human mind engages in a constant search for order: Complexity represents fatiguing challenge. Order realized is simplicity. The critics envisage how competition might work if men didn't participate in it—and then view any activity that intervenes between production and consumption as waste.

Out of this background come the charges that advertising dwells on inconsequential differences between products, that it debases men's taste —or that its "lure" overwhelms the common sense of the common man.

It is impossible to give a documented answer because the charges are fundamentally expressions of fear, reflecting mainly a lack of faith in a process involving individual choice. Yet most of these critics view themselves as lovers of human freedom. It is ironic that they of all people should profess a fundamental doubt in the ability of men to carve out their own destinies under a system designed for that purpose.—*From a speech before the Boston Advertising Club.*

Make peace of mind part of the contract!

"Guaranteed price" contract takes much of the worry out of plant expansion

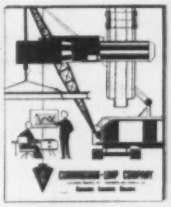


One of the biggest headaches involved in building a new plant is the task of keeping costs within the appropriation budget—especially when the designing, engineering and building work is awarded to separate companies.

But when you assign full responsibility for the entire project to the Cunningham-Limp Company, you get the benefit of an integrated Design-Engineer-Build program. In a matter of days a complete proposal, including an accurate estimate of cost or a firm price, can be in your hands. Thus, in the shortest possible time, you know exactly what you're going to get and what you're going to pay for it.

For complete peace of mind, many firms choose C/L's Guaranteed Maximum Contract which fixes the "Guaranteed Maximum Amount" in advance, and allows them to share in any savings effected. Others prefer the Lump Sum, or the Cost Plus Contract. Every point of the agreement is spelled out in detail—without any "small print." And all assure you the most economical job consistent with sound building practices.

To learn more about the peace of mind that's part of every C/L contract—from the *guaranteed price right at the start* to the "Single Responsibility" before, during and after construction—send for our 88-page brochure describing our Comprehensive Services. It is sent *gratis* to executives interested in expansion or modernization. Write on your letterhead or business card to: Cunningham-Limp Company, 3087V West Grand Boulevard, Detroit 2, Mich.



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Whenever reference is made to designing, engineering or architecture, the work will be done by Cunningham Engineers, Inc., or by personnel qualified under all applicable laws.

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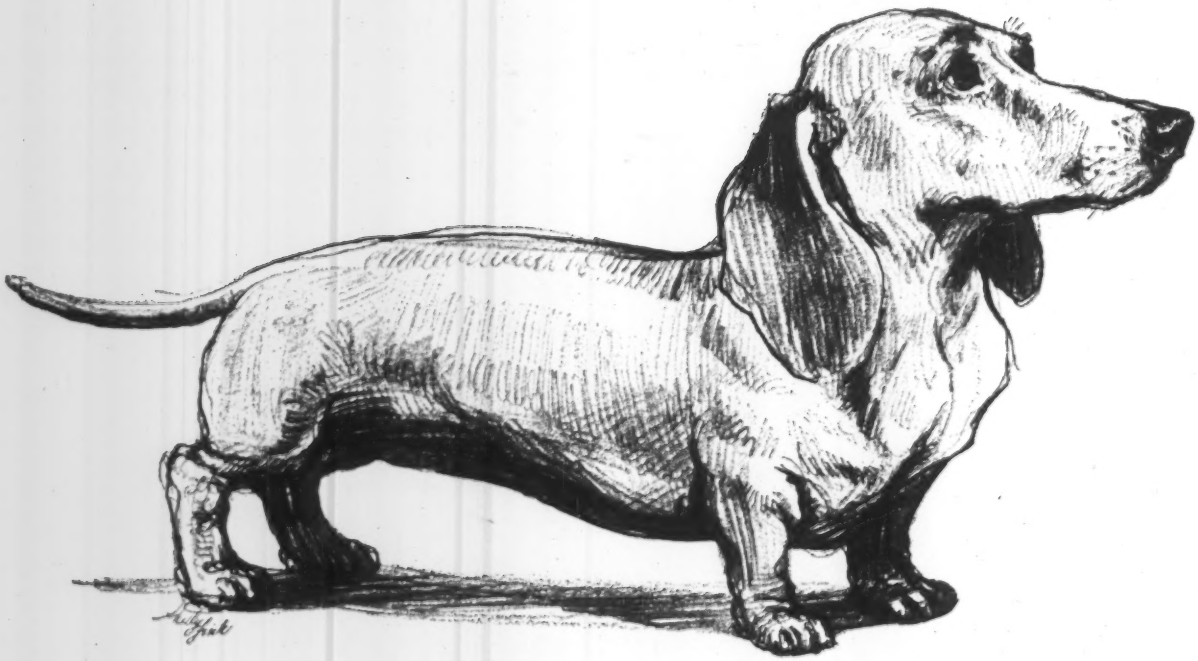

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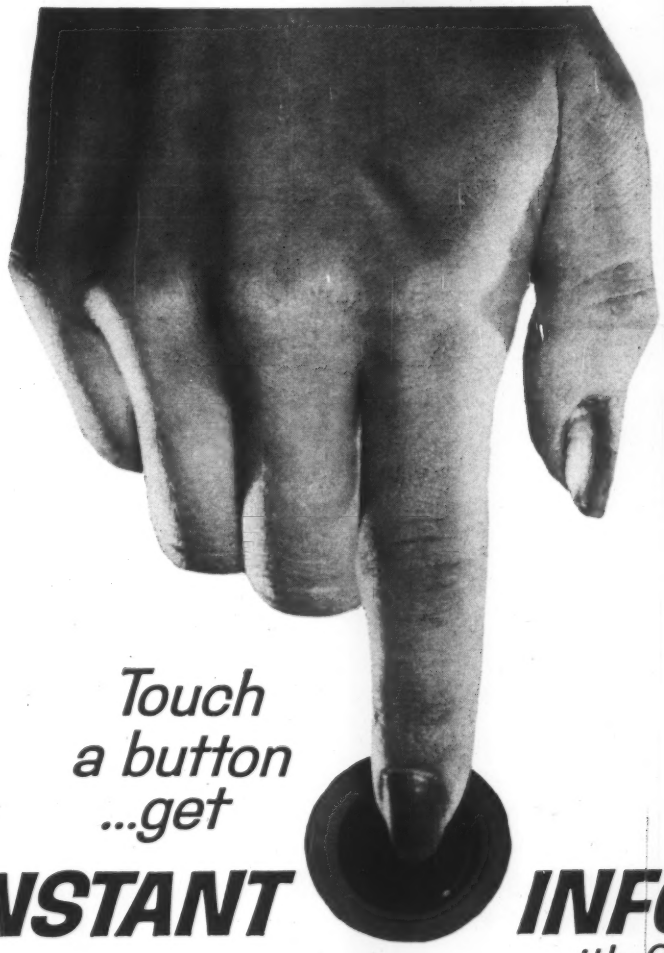

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PRICED AT LEAST $312* LESS

...less than any conventional panel on the market!

Big doors, side and rear—no rear engine hump! Floor is flat—full-length flat—front to rear! "Wide-open" access to load saves time at every stop!

NEW '61 FORD Econoline

CAN CUT YEARLY COSTS BY $100 OR MORE!

At least $312*. . . that's what the low price of Ford's Econoline Van can save compared to the price of conventional ½-ton panels! And your savings have only begun!

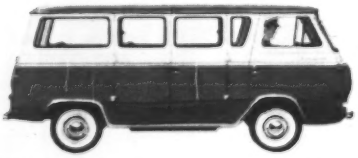
Save on gas with up to 30% better mileage than ½-ton panels! Save on oil—drive 4,000 miles instead of 2,000 miles between oil changes; and buy fewer quarts when you do change! Save on maintenance with lower parts prices and less service time; save on tires—even on licensing costs!

All in all, if you drive 16,000 miles a year, chances are you can save over $100. Ask your Ford dealer to demonstrate how an Econoline Van can deliver lower costs on your routes! Give him a call today!

*Based on a comparison of latest available manufacturers' suggested retail prices.

39% more loadspace! Big 204 cu. ft. capacity hauls more every trip, cuts down number of trips!

Econoline Pickup gives you up to 23% more loadspace than conventional 6½-foot pickup trucks. Carries ¾ ton. Can cut operating costs by $100 yearly; priced lower, too!



Econoline Station Bus—seats up to 8 with optional rear seats. Twice the interior room of the biggest wagons; priced below* most "compacts"!

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SEE YOUR FORD DEALER'S "CERTIFIED ECONOMY BOOK" FOR PROOF!

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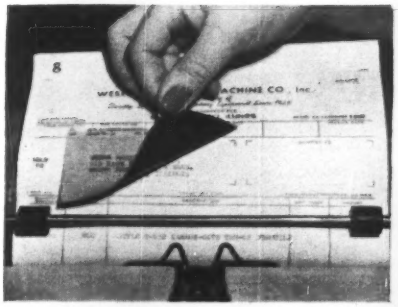
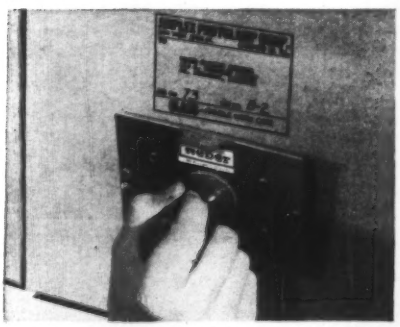


WEBER "TAB-ON" STENCILS can be integrated with any and every type of order processing system. Forms and stencils can be prepared with customer's address simultaneously on any typewriter or type of data processing equipment. After typing, stencil is taken from form: placed on a Weber handprinter for direct-to-carton addressing, or used with Weber label printing machines.

Write for "TAB-ON" Stencil Bulletin

WEBER LABEL PRINTING MACHINE prints all kinds of labels—shipping, product identification, box end, etc. Printing head is interchangeable—reproduces from either stencil or rubber mat. Produces 105 labels per minute—printed, cut to size and stacked—all in one automatic operation. Ends label buying and inventory headaches.

Write for Model 80 Bulletin

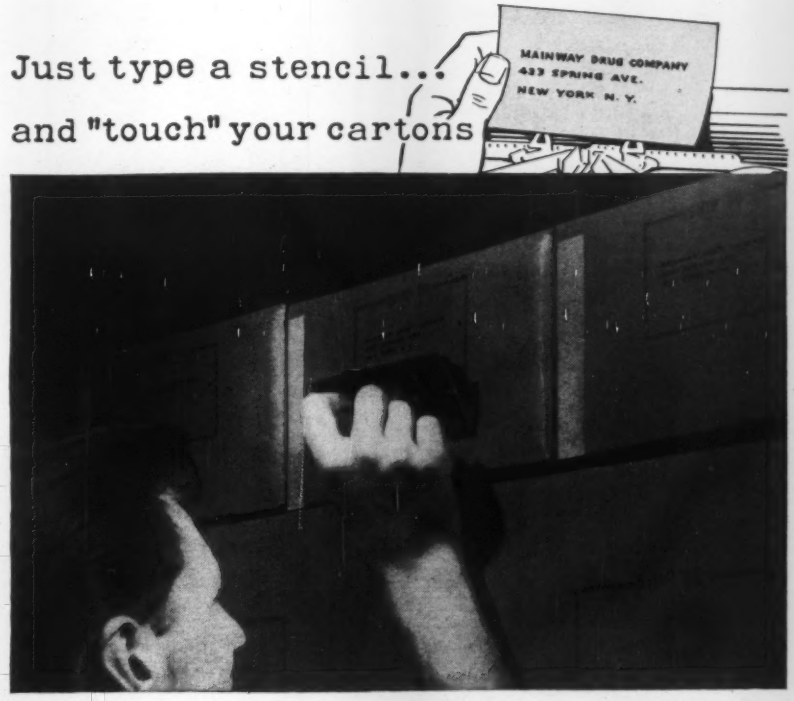


"FACSIMILE LABEL" STENCILS can be die-cut in a facsimile of your present shipping label with all standard information pre-cut. Type or write the shipping address, place the stencil on a Weber handprinter, and with just a touch the complete label including address is printed directly on the carton. It's waterproof, fadeproof, and can't come off!

Write for Facsimile Label System Bulletin

Just type a stencil...

and "touch" your cartons



Fastest, easiest way to address your multiple carton shipments

Weber "Touch-Stenciling" replaces labels and stencils boards. It's fast, neat and systematic

Want a quick, easy way to address shipping cartons? Then try this new Weber "Touch-Stenciling" system —means no more stencilboards, rubber stamps or label typing.

Shipping cartons, pre-printed with "Ship-To" label frames, are addressed by simply printing the customer's name and address within the frames with a Web-O-Print hand duplicator. It prints from a stencil that you can type or handwrite. Just a "touch" on the carton leaves a clear, sharp, permanent print.

With a smooth, one-hand motion 40 to 50 cartons can be addressed in a minute. After the shipment is addressed the stencil is thrown away, saving filing time and space.

Weber stencils can be prepared as part of your order-invoice writing procedure to save time and eliminate shipping errors. They can be cut as a by-product of forms typing on manual or electric typewriters, automatic accounting machines and other modern office equipment.

FREE BOOKLET TELLS SAVINGS STORY!
Write today for new booklet—How to Save Time and Money with "Assembly Line" Shipment Addressing.

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Weber Industrial Park
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Send me your bulletin on "Assembly Line" Addressing Systems.

Company_____
Individual_____
Position_____
Address_____
City_____ Zone_____ State_____

Convair 540 Conversion with Napier Jet-Prop Engines

Convair 540s undergoing modification with Napier Jet-Prop engines at AiResearch Aviation Service, the most experienced company in the modification of pressurized aircraft.

AiResearch Aviation Service converts Convair 340s and 440s into high performance airliners and executive aircraft with Napier Jet-Prop engines specifically designed for the Convair 540.

With over-weather cruising speed of 326 mph and payload (range capacity of 60 passengers for 800 miles or 10 executives transcontinental nonstop), the Napier Jet-Prop 540 provides a smoother ride at greatly reduced noise levels and improves economy of operation in airline or business transport.

An AiResearch auxiliary gas turbine installation (optional equipment) makes the Convair 540 self-sufficient on any landing strip. The on-board unit provides complete engine starting and all power for ground air conditioning and preflight checkout.

Installation of the 3500 eshp Napier "Eland 504" Jet-Prop engines with four-bladed propellers includes structural modification to engine nacelles, new instrumentation, and electronic and radio system modification in minimum down time.

Conversion of Convair 340s and 440s to Napier-powered Jet-Prop 540s is performed exclusively at AiResearch Aviation Service, the most experienced company in the modification of Convair 240s, 340s and 440s into executive aircraft and luxury airliners.

Employing more than 600 of the most highly trained and experienced engineers, technicians and craftsmen in the industry, AiResearch performs all design, engineering, fabrication and installation work in one location to meet the conversion, modification, maintenance and overhaul requirements of any aircraft.

Write, wire or telephone today for complete information regarding your Convair 540 conversion with Napier Jet-Prop engines.

Customer confidence is our most highly regarded asset

THE GARRETT CORPORATION AiResearch Aviation Service Division

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A major technical breakthrough in data processing...
A new LOW COST input machine that

Captures Data at the Source and Records it in "Man and Machine" Language!

THE DASHEW PRINTAPUNCH®

...the first LOW COST input machine whose total selling price is equal to, or lower than, the monthly rental rates of other source data gathering equipment.

Here's how easily the PRINTAPUNCH operates

Insert the metal or plastic Dashaplate embossed with "man language" and code-punched with "machine language." Then insert blank tab card. Key in variable data on unique keyboard. Depress operation lever. Result? A tab card that's imprinted in "man language" and punched in "machine language" with significant, variable and constant data, ready to be fed into any kind of electronic data processing or 80 column punched card equipment.

The Dashew PRINTAPUNCH is the key to error-free, automatic data recording at the time transaction occurs. It's the first device that permits a practical, low cost method of source key punching. The PRINTAPUNCH is so low in cost, and so simple to operate, that even a small manufacturer or retailer can gather source data directly onto tab cards to take advantage of the economies and speed of electronic data processing through service bureau facilities. By the same token, the largest corporations can effect substantial economies by eliminating manual key punching, eliminating costly errors, and speeding up reports by eliminating key punching bottlenecks, and eliminating transcriptions.

No matter what your business is, find out now how the Dashew PRINTAPUNCH can help resolve input data processing problems.

The Dashew PRINTAPUNCH can be used wherever information is recorded—in these industries, among others:

Banking... Retailing... Wholesaling... Manufacturing... Mining... Agriculture... Hospitals... Government... Utilities... Libraries... Chemical Processing... Breweries... Railroading... Trucking... Packing... Petroleum... Automotive... Aeronautics... Unions... Electronics... Missiles... Fraternal Organizations... Publishing... Restaurants.

For the following functions: Accounting... Purchasing... Production... Inventory... Shipping... Receiving... Sales... Credit... Payroll... Material Control... Movement of Material... Personnel... Security... Safety... Quality Control... Tool Control, and other activities.

If you use Punch Cards, Computers, Bookkeeping machines, Service Bureau facilities, then you should read these systems ideas. GET THESE FREE BOOKLETS TODAY!

Everyone interested in Data Processing should learn how the Dashew PRINTAPUNCH automates source document preparation. See how this new development can be used with all data processing systems. Learn about its wide application in many different industries. **Write for these booklets now!**

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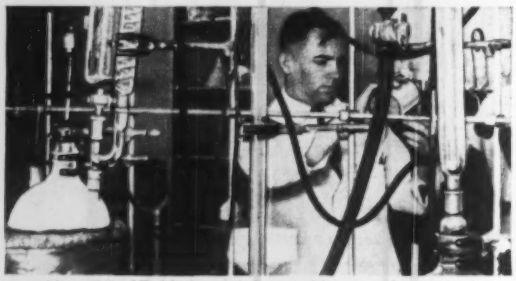
A. H. ROBINS finds the formula for fast growth in VIRGINIA

A. H. Robins' newest plant, built in 1953, has already had four additions and a fifth has just been completed . . . to give a total of over 200,000 sq. ft. For future expansion, Robins owns another 290 acres around Richmond.



About 6% of Robins' gross is invested in research . . . and this figure will be increased. Many research men come from The Medical College of Virginia, The University of Virginia, The University of Richmond and other famous Virginia colleges.

Utmost care and precision are needed in production of ethical drugs. Skilled Virginians maintain Robins' reputation for quality. E. Claiborne Robins, president says, "What I'm proudest of are the folks who work for us."

In 1936, A. H. Robins Co., Inc. of Richmond, Virginia, had a staff of 6 people. Today, with more than 1,000 employees, the company turns out 650,000,000 tablets and capsules a year, plus enough elixirs to float a hospital ship! On a basis of prescribed drugs, Robins is now in the top ten in the pharmaceutical field. Operations are now world-wide, with plants in Canada, England and Mexico, while Virginia's ice-free ports serve overseas markets.

Robins' rapid expansion stems from wise management, vigorous research . . . and from the business climate of Virginia, where fair tax laws and a pro-industry attitude encourage fast, sound growth. Find out more about the growth potential in Virginia. In confidence, phone, wire or write . . .

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Division of Industrial Development and Planning
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Room 803-DR State Office Bldg., Richmond 19, Va.
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You, too, can find these... and many other great competitive advantages in **VIRGINIA**
. . . a wonderful place to play or work

DUN'S REVIEW
AND MODERN INDUSTRY
May 1961

EDITORIAL

Imaginative Thinking for Management

RECENTLY a psychologist said that Einstein used only 12 per cent of his mental capacity, the inference being that most of us use from 2 to 5 per cent. Statistics like these are as unfair as they are annoying, because they defy verification and have belittling implications against which there is no defense. We are not primarily interested in the possibility that a genius such as Einstein used 12 per cent of his potential against 2 per cent, or whether Shakespeare had a writing vocabulary of 25,000 words against our 10,000. The application of the information is what counts, not the inventory of talents or facts.

What is far more significant is that the mind is the last and greatest frontier of human adventure. The key to the exploration and conquest of this vast uncharted area is the imagination. What the mind of man conceives, his hand achieves. Leonardo Da Vinci designed aircraft four centuries before the Wright Brothers broke the chains of gravity in the dunes of Kitty Hawk. It took the imagination of Jules Verne to incite the mental energies of John Holland to the creation of the submarine. In our day we have not only seen Aladdin and his lamp outshone, but also Prince Hussain and his flying carpet outflown.

The human mind has a set of mysterious gear shifts which move up from the subconscious to reverie, and from reverie to pictures of ideas in action. The mind of the fiction writer conjures up plots, situations, and characters for a novel that reflects life. The imaginative mind of the business manager reviews or projects pictures of products, problems, and decisions that challenge his creative instincts in handling people, improving methods, and cutting costs.

There are ruts in the mind, and it is easier to slip into them than to make fresh paths with mental effort. Yet today we cannot survive without new approaches to old problems. Original thinking is hard work, yet it keeps the edge of imagination sharp, and the endless mirrors of the mind clear and bright. The lively imagination is a testing device for opinion, tradition, and fact, and it holds up statements, opinions, and statistics for careful appraisal, not routine acceptance. The imagination is the enemy of cynicism because the eye of the cynic is often dulled by suspicion which he calls fact, but the lively mind is never a sponge for the obvious or superficial.

The managerial mind must submit to orderly thought, and there are readily accessible files for reference in the narrow room of the brain which receives instantaneously what is seen and heard. But that is often a long way from the eaves and nooks where wisdom waits for a summons. The manager of a business must think for his staff, for customers, and for the public he serves. He must assume the duties of industrial relations and public relations. In his concepts, he must arouse in the mind of his employees and customers the picture he himself sees of a product or a service, just as an architect looking at brick, siding, and wire must summon up the image of a house instead of a heap of materials.

There is lots of room for adventure in the mind. For a man or woman with a sense of curiosity and the spirit of personal enterprise, it is never a lonely place. Businesses are often successful to the degree in which the imagination is activated, utilized, and disciplined. Thinking is more than a sense of personal identity. It is the realization of self as a dynamic factor in life and in its purposes. Every successful man in business and professional life always lives in a world much greater than his office, home, and club. Those are just the springboards to the extra-sensory world of the imagination, where each man determines his own boundaries of action.

ATTORNEY GENERAL Robert Kennedy says he has launched a nationwide search for more price-rigging conspiracies in industry.

PRICE FIXING: What's the Answer?

Speaking in strictest confidence, America's corporate leaders give their views on a crucial problem that touches every businessman today.

TODAY American business abruptly finds itself faced with the awesome possibility of Government price-fixing investigations broadening into such diverse industries as cement and milk, chemicals and baked goods, metals and paper cups. No less than 40 grand juries across the U.S. are looking into other possible violations. More than 100 preliminary investigations are underway. And scarcely a day goes by without scare headlines screaming fresh allegations by authorities in Washington, union officials, or consumer vigilantes.

Disturbing as these charges are to the average citizen, no one group of Americans has been more deeply bothered by them than the chief executives of the nation's largest corporations. To the nearly 200 business leaders of the DUN'S REVIEW Presidents' Panel, many of whom head corporations with sales volume of over $1 billion a year, the wholesale charges of large-scale and widespread pricing conspiracies portend trouble for all of U.S. business.

What's more, they feel that it is trouble of a particularly virulent type. Most business leaders cannot help but feel that those headlines may stain all of business, and leave their black mark on even the most blameless corporation and the most upright executive.

For the ethics of all of American industry suddenly came under suspicion on that gloomy day last December when 29 leading electrical companies and 45 executives were convicted of violating the Sherman Antitrust Act. In the public mind were left such disturbing images as corporate conspirators huddling together in "Dirty Helen's Bar" in Milwaukee, and once-respected executives work-

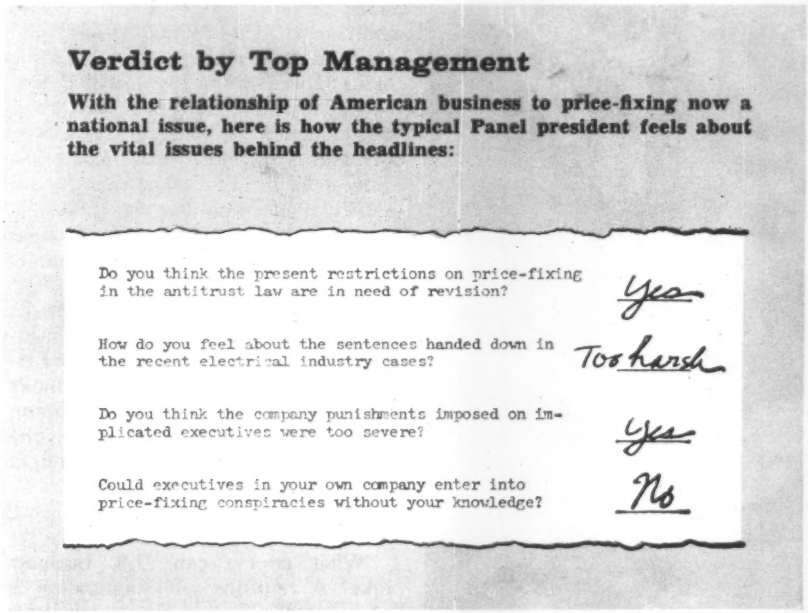
ing as 20-cent-a-day clerks behind the weather-beaten walls and gray-barred windows of Pennsylvania's gloomy Montgomery County prison.

The Panel's view

But beyond the smudge which headlines rubbed across the image of Big Business, beyond the explosive threat of union and consumer outcry based more on fancied injury than fact, the top leaders of American business see the sobering reminder of the heavy responsibilities that they bear in today's complex world.

That responsibility, moreover, is most dogged competition. Accountable to the world at large, however, they must also uphold the free-enterprise ideal which is the base to our society. Too, they must display so rigorous an adherence to ethical conduct that, like Caesar's wife, they are above suspicion.

At the same time, of course, these businessmen believe firmly in rigorous adherence to ethics and law. Notes the chief officer of one large Texas corporation: "The propriety or justice of the law is not the question. Laws were passed to be enforced. They should be enforced, even if it


Verdict by Top Management
With the relationship of American business to price-fixing now a national issue, here is how the typical Panel president feels about the vital issues behind the headlines:
Do you think the present restrictions on price-fixing in the antitrust law are in need of revision?
Yes
How do you feel about the sentences handed down in the recent electrical industry cases?
Too harsh
Do you think the company punishments imposed on implicated executives were too severe?
Yes
Could executives in your own company enter into price-fixing conspiracies without your knowledge?
No

one which can place the executive squarely on the horns of a moral dilemma of formidable proportions. "You're damned if you price fix," notes one harried member of the Panel, "and you're damned if you don't. How did we get into this jam? How do we get out of it?"

That anguished cry has been echoed by most of the top leaders of American industry. In short, they are asking themselves, just what can American business do about price fixing? What's the answer?

It is far too complex a question to be quickly and glibly answered. Accountable to customers, stockholders, and employees, the hard-headed businessmen of the Panel note that they must run efficient organizations which can hold their own against even the hurts—the motives of violators notwithstanding."

Still other businessmen feel that, aside from the moral implications of the question, the average executive should simply know better. "Anybody with the slightest bit of intelligence," flatly states one Panelist, "knows what the penalty for rigging prices is. Paddling upstream against this fact is sheer stupidity."

As many Panelists point out, however, there is a very real question as to the justice of the antitrust laws and their price-fixing restrictions. The Panelist who asks if 1890 legislation is really adequate for 1961 voices a grievance that many echo. There is, though, considerable doubt that the situation can be rectified without a complete overhaul of the tortuous statutes on an industry-by-industry basis.

Even chief executives who feel the antitrust laws are fundamentally sound agree that they are also filled with ambiguities and inconsistencies. "They are a maze of complications," says the head of a giant industrial concern. "To conform to all the interpretations of the Sherman Act, the Clayton Act, and the Robinson-Patman Act is virtually impossible. The 'little guy,' moreover, is rarely penalized. And what about the buyers who use their economic power to force discrimination?"

Equally unjust, charge the leaders of U.S. industry, is labor's immunity from antitrust action. It takes considerable "mental gymnastics," one chief executive notes, to allow the unions and farm cooperatives to enjoy privileges which are harshly denied to industry. Adds another president who castigates the guilty companies and officials, "My only regret is that this is such a sweet morsel under the tongues of Hoffa, Reuther, and others like them."

Partially for that reason, many Panelists felt that the company punishments dealt out to the offenders were unduly harsh. "I would have backed up my men," says one firmly. "Company punishment is clearly uncalled for." But the president of one large Eastern manufacturing company feels exactly the opposite. "In the absence of extenuating circumstances," he says, "deliberate violations of the law and company policy can only call for discharge from employment."

The men on the Panel are also aware that a chief executive cannot really know every detail of his company's operations. "In a large company," declares one president, "it is simply impossible to watch every detail."

Nearly half the presidents agree. As they see it, short-lived conspiracies to fix prices or carve markets could exist in any corporate house despite top-level vigilance.

No surety against sin

The president of a large building materials company points out still another difficulty. "Can a corporation prevent sin?" he asks. He answers his own question by declaring, "If they choose, executives can perpetrate all types of evil, no matter what's on the book."

But the vast majority of Panel members doubts that any executive

could perpetrate very much evil for a very long time, and an overwhelming 75 per cent agree that a corporation determined to prevent its executives from breaking the antitrust laws can do so. "A two-fisted board of directors can keep such things under control," says the president of a giant engineering company. His is the prevailing view.

Cautious confidence

The leaders of the country's biggest companies, in other words, aren't saying "It can't happen here." They merely believe in taking steps to see that it won't. Most of them express complete confidence in the integrity of their subordinates. Nevertheless, in the light of the Philadelphia convictions and the Justice Department's new fervor, they are today embarking on a campaign to make the line between reasonable business practice and illegal action crystal clear to their employees.

Both Westinghouse and GE, the two companies that were hit hardest by the Philadelphia trial, have taken vigorous steps to prevent a recurrence of antitrust violations. Westinghouse has established an antitrust division within its corporate structure. At GE —which since 1948 has had some 36 antitrust cases brought against it—the teaching of business ethics is coming under complete review at the company's Advanced Business Courses Service.

Even corporations against which charges are not even whispered today are checking to see that company policy is completely understood by every member of the corporate family. "Our employees know that progress or profit without integrity is definitely *not* our policy," asserts one Panelist. He adds, "Just to make sure they don't forget, we are instituting a course on our policies in this area for *all* members of management."

For, whatever their views on the price-fixing scandals, American industry solidly endorses the fundamental concept of price competition. "The law of supply and demand," states one Panelist, "cannot be repealed. "Price competition is essential to the continuing success of private free enterprise." Adds the president of a mammoth manufacturing company: "Abolition of price competition would abolish competition itself, and lead us a long way toward a planned economy."

IN HIS SENTENCING remarks, Judge J. Cullen Ganey lashed the "system."

Yet other aspects of pricing are today under review—by the public as well as by industry itself and various branches of the Government. When Senator Kefauver investigated the pharmaceutical industry a couple of years ago, he mercilessly publicized the fact that drug companies frequently charged more in the U.S. He hinted broadly that American drug companies were "fixing" domestic prices at unrealistically high levels, without regard for the natural pressures of supply and demand.

To Panel presidents, who by a four-to-one vote reject such criticism as unjustified, this is a one-dimensional view. As one of them notes, for instance, U.S. steel mills are producing at substantially under capacity and many American steelworkers are unemployed. "If we could export steel at less than our domestic prices, compete with low-labor-cost producers in foreign markets and still show a profit," he theorizes, "I feel we would be subject to criticism if we refused to do it."

Clearly, though, the business community must take on a massive job of educating the public to its problems. Yet even as it ponders those problems, it must brace itself for new challenges. The White House announced in March that all identical bids, submitted to the Defense Department will be published, even when no evidence of conspiracy exists. In mid-April, the electrical case drew more headlines when the Senate antitrust subcommittee launched its own widely publicized investigation. Washington's call for more "public awareness" has produced a flood of letters calling attention to the prices of such items as light bulbs and gasoline. And the Federal Trade Commission has made it known that it looks with a jaundiced eye on such common marketing practices as following the price leader and absorbing freight costs for distant customers.

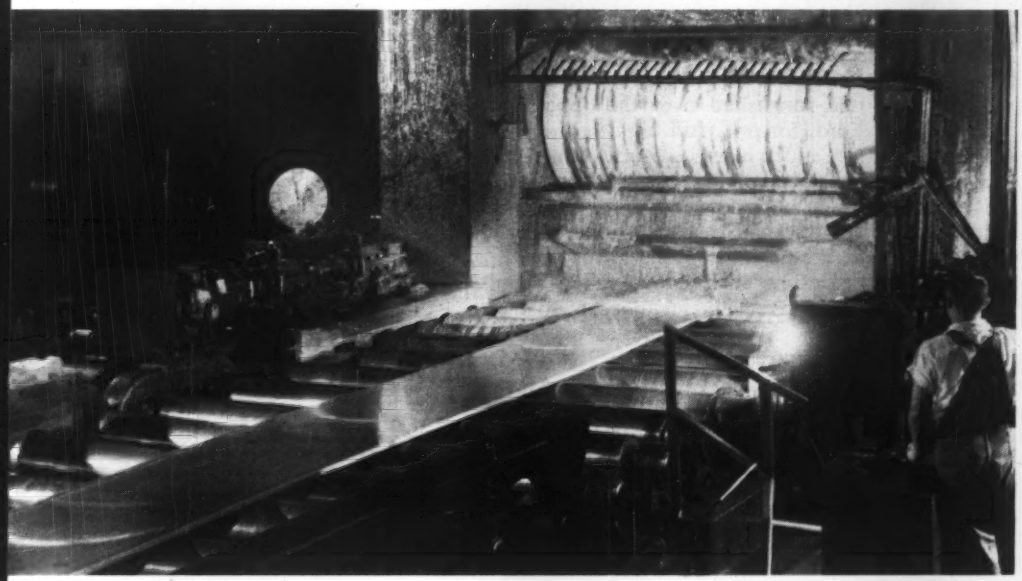
At stake: free enterprise

What course can U.S. business take? A rigorous self-examination is obviously in order. No matter how flagrant the abuses of union officials and politicians, nobody is more forceful than the DUN'S REVIEW Panel in pointing out that the wrongdoing of others will not serve as an excuse.

Beyond that, as the nation's industrial leaders make clear, there must be a new commitment to the basic ideals of free enterprise. "We cannot condone actions which violate the very principles of our economic system," affirms the president of one of the biggest U.S. manufacturing concerns. "Frustration in the face of complex business conditions, the desire to conform to accepted practice, the fear of 'losing out'—these are understandable human reactions to a competitive situation. But it is in the marketplace that the vitality of our economy is tested—and the test, if it is to be valid at all, must be met head on."

—JACK J. FRIEDMAN

ALUMINUM'S



Time of Trial

With wide-open markets a thing of the past, the aluminum-makers must battle competitors who now are wielding formidable weapons of their own.

FROM 1946 ON, no industry had more glittering prospects than aluminum. Year after year, new production records went by the boards as the overworked potlines struggled to keep abreast of demand. Small, family-owned Reynolds Metals Co. swiftly mushroomed into the nation's 91st largest company. Despite a drop in its share of the market, the Aluminum Co. of America nearly tripled its sales in just ten blistering years. And Henry Kaiser, unable to bring out a new family car, had no trouble at all in making room for another giant company in the fast-growing aluminum industry.

But then, the glitter began to wear off. By the end of last year the aluminum-makers were sitting on an excess capacity of 700,000 tons, equal to their total annual output as recently as 1950. Competing materials were fighting hard to regain the markets aluminum had taken from them. Few new ones were left to tap. And now, despite their low level of business, the aluminum-makers must ante up an automatic direct wage boost of up to 12¢ an hour in just two months.

Adding to the problem are aluminum's over-sized inventories. Recently, inventories of primary metal stood at a record-high 291,000 tons—still another reason why the makers can not meet rising wages by boosting prices above their present low 26 cents a pound.

"We've got," says Donald "Dusty" Rhoades, the president of Kaiser Aluminum & Chemical, "to get more people to use more aluminum. Continuing to develop new markets is our only solution."

That challenge, as Rhoades would be the first to admit, is a huge one. With steel, copper and wood all out to regain their lost markets, aluminum will not find it easy to increase its sales.

One way, naturally, is for aluminum to tighten its grip on markets it already has. Take building, which accounts for a walloping 23% of all

aluminum sales. Even though the housing starts were down by 18% last year, the sales-conscious aluminum men boosted their own siding sales by no less than 33%. The method: persuading more home-owners to increase the value of their old dwellings by encasing them in aluminum siding.

Now, they are going after still bigger game. Alcoa's President Frank A. Magee, for example, is helping to back two huge, skyscraper developments. By putting up part of the capital for the project, Alcoa obtained both a captive market and a natural "show case" for aluminum curtain walls, windows, partitions, electrical conduits, and every other place the white metal can fit.

Here, there, and everywhere

Reynolds, for its part, is hitting for the huge urban renewal market, where large tracts are being redeveloped under Title I contracts. Kaiser, similarly, has bought the Kawneer Co., a big fabricator of aluminum curtain wall, and may buy a siding fabricator which will enable it to make direct sales to the consumer.

The aluminum-makers are not stopping there. Notes Reynolds' President Richard Reynolds, Jr.: "In architectural and building products, our largest market, we have new ones coming which we are almost—but not quite—ready to talk about."

Another target: the car-makers of Detroit. "These days," sighs one steel engineer, "there are more aluminum development engineers in Detroit alone than our whole industry employs in total."

The lure is obvious. The 1961 car held an average of 63 pounds of aluminum, an increase of no less than 15% over the 1960 models. Much of that was for motors, it is true, but the industry is pushing aluminum into such other car parts as bumpers, wheels, radiators, and rear-axle housings.

For all aluminum's success in the Motor City, though, Detroit does point up one of the prime differences from the lush days of the 1940s and 1950s. No longer can aluminum just ride roughshod over the opposition. Ford, for one, still uses the iron engine block in all its cars. As one of its engineers points out, car-buyers do not clamor for aluminum blocks so Ford sees no reason to offer them a higher-priced engine.

Despite such setbacks, the aluminum-makers intend to keep up their campaign to put America on wheels of aluminum as well. "By 1965," predicts Robert B. McKee, Alcoa's vice-president for sales, "the average car will require at least 115 pounds of aluminum, and by 1970, 300 pounds per car will not be extraordinary."

In the railroad field, moreover, the aluminum men hope to retain their golden touch by once again working at their specialty: *teaching* the customer how to use (and want) their output. Aluminum representatives are scouring the nation's car shops to show railroadmen how to weld aluminum. Right now, of course, few railroads are in any financial condition to build or buy aluminum cars. But in time, as the aluminum industry sees it, they will be a prime market to use the white metal in sidings, floors, doors, and cross-members.

New Processes on the Way?

Are present aluminum plants becoming obsolete? Olin Mathieson has just announced a new laboratory scale method for extracting aluminum from common clay. Aluminium, Ltd., in Canada and Pechiney-Ugine in France are both operating pilot plants in which bauxite is converted directly into ingot—eliminating the costly alumina stage. The big catch: present plants can't be converted to these processes, even if they should be perfected, and the industry is in no mood to expand. "For low costs," observes Aluminium Ltd's., president Nathanael V. Davis, "it's hard to beat a fully depreciated older facility, especially if it has been modernized."

Teaching, of course, has always been the one factor that distinguished aluminum from many of its competitors. To see how successful it often is, consider Reynolds' now-famed innovation of the aluminum juice can. When the major can companies showed little interest in the material, Reynolds opened up its own center in Florida, where orange juice canners could actually see aluminum cans being made and rolling off the production line. Reynolds then encouraged Minute Maid to install its own aluminum can line, even went so far as to offer it light-gauge aluminum at a material cost 85 cents per thousand less than regular tin plate. Added to that, Reynolds was able to show that the aluminum cans were an average $1.47 per thousand cheaper to ship.

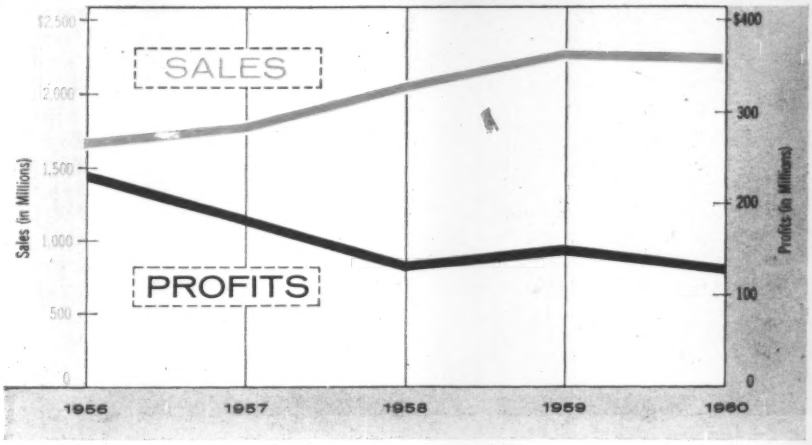
The results, of course, have made business history. "We expect about 60 million pounds of aluminum to be consumed in can manufacture this year," says Richard Reynolds. "About 60% of the frozen juice concentrate produced in Florida already is going into aluminum cans, and two breweries now are marketing 7-ounce aluminum beer cans." Adds he: "We anticipate substantial use of shallow-drawn aluminum cans for tuna, sardines, crabmeat, and specialty meat products."

Those are not the only break-

REYNOLDS ALUMINUM'S Richard Reynolds and Kaiser's "Dusty" Rhoades count on a tested strategy to keep their companies' sales rising.

The Problem of the Big Four

Like much of American industry, the top four aluminum makers have managed to keep their sales on a high level, but profits have slipped badly.



throughs that the aluminum-makers are striving for in the booming container business. Among other things, the industry is counting on a new pressurized container for dispensing draught beer from the home refrigerator, and a new aluminum case and bottle carrier for soft drinks, as well as a foil carton that keeps beer cold for several hours after it is taken off the ice. "We are already seeing indications," notes Reynolds, "that our development programs are closing the gap between sales and production capacity."

But there are roadblocks in the container field, just as there are in Detroit. The steel industry is fighting back aluminum's invasion with a thinner tinplate. This could prove tough competition indeed. Since tinplate is one of steel's most profitable products, the nation's steel mills could go a long way in lowering prices to battle aluminum.

So containers by no means will be an easy victory for aluminum. "Each application in packaging," admits Milton Herzog, Olin Mathieson's top aluminum man, "has to be studied carefully. I'm sure that aluminum will replace tinplate in certain areas of canning, but not all. I don't expect every peach can to be made of aluminum."

Still another field where aluminum has a hard fight still ahead is the appliance and utensil market, now accounting for 13% of all sales of the white metal. Here, aluminum faces a formidable competitor in plastics.

For one thing, most plastics need only be heated to 400° F to be extruded, but aluminum must go to 800° F—a more expensive process. For another thing, color in plastics is an integral part of the material, but aluminum has to be anodized.

Can the aluminum-men, faced with such formidable competition, hope to cut down on their inventories and use more of the $1-billion-odd of capacity now lying idly by? Cutting down on inventories, they admit, isn't easy. For one thing, it is no simple matter to shut off the flow of aluminum which has been coming from the potlines. First of all, power represents no less than 15% to 20% of the final cost of the metal, and since many of the companies are operating under long-term contracts with the power companies, they have to make substantial payments even if they use none.

Aluminum does have, though, one big advantage. Traditionally, it is one of the first industries to feel the end of a recession. In the past, in fact, the industry has returned inventories to normal in just one quarter's time.

In the meantime, there are always foreign markets to keep the industry financially strong. And, though the American market is far from saturated, the industry is now looking hard overseas where consumption comes nowhere near the American average. Right now, for example, fifteen executives of Reynolds International are touring the Far East seeking new investment opportunities.

Similarly, Kaiser has bought 50% of Comalco, Ltd., in Australia, where Aluminium, Ltd., now dominates the market with metal shipped 11,000 miles from Kitimat. Aluminium's reaction? "We don't intend to stand immobilized," says youthful Nathanael V. Davis, the president of Aluminium, Ltd., "while our Australian markets are gobbled up."

In their moves abroad, it should be noted, the aluminum-makers are relying on two radically different approaches. First is the plant mostly financed by the foreign country itself. Though these tend to be high-cost, the industry participates in them because all the metal is consumed locally and prices can be held steady. Kaiser is in this type of operation in India, with 26% of Hindustan Aluminum.

Comalco is an example of the other type of venture. It is a low-cost operation designed to supply world markets as well as Australia and New Zealand.

The mixture as before

What about the future in general, both abroad and in the U.S.? In the past, aluminum leaders point out, products cost more to make out of aluminum than the metal or wood it displaced. But subsequent advantages —such as low maintenance—made it more attractive and profitable. As one top Alcoa executive puts it, "Our industry has never had an easy time gaining at the expense of the chief competing materials. Take steel, for instance—it's hard to displace a metal with such a price advantage and long-established position. Yet we were able to gain in the past by going out and demonstrating aluminum's superiority."

Aluminum leaders hope to continue doing this in the future. Asked if the industry will ever again be as profitable as it was in the middle '50s, Kaiser's "Dusty" Rhoades takes a glowing cigarette stub out of his mouth, jams it decisively into an ash tray, and says, "Absolutely!"

—MELVIN MANDELL

Those Mysterious No Load Funds

They hire no salesmen and run few advertisements, but the no load funds are drawing cost-conscious executive investors.

HOW DO YOU SELL a good product if you don't have enough money to promote it? That is the problem facing the managers of the so-called no load mutual funds.

Offering a service that is almost identical with that of ordinary mutual funds, the no load funds have one big added advantage. They do not charge the usual 8% sales commission. The investor in a no load fund gets all the usual mutual fund benefits:

- broad diversification of risk spread over a list of 50 or more securities
- professional management
- strict compliance with the rigid standards of the Federal Investment Company Act of 1940
- the privilege of cashing in shares at any time for their current net asset value, less a possible small charge.

But, in addition, the no load fund saves the investor the 8% bite that loading charges (i.e., sales commissions) take out of his capital when he makes an ordinary mutual fund purchase. For the executive who is struggling to build an estate in the face of the crushingly heavy income-tax rates of today, this 8% savings is no small consideration.

And yet the 20 or so no load funds have had only a fraction of the success which their rivals who charge sales commissions have enjoyed. As of last year, the no load funds had combined assets of about $350 million—barely 2% of the $17.5 billion that the U.S. public had invested in investment company shares. Biggest of all the no load funds, Boston's Scudder, Stevens & Clark Fund recently counted net assets of $85 mil-

lion and some 6,000 shareholders. By contrast, the biggest ordinary mutual fund, Minneapolis' Investors Mutual counted 317,000 shareholders accounts, assets of $1.5 billion.

The reason why

The reason why can be pretty well summed up in one word: promotion. Last year the 200-plus load-charging mutual funds took in close to $100 million in sales commissions. This paid for a good deal of advertising. It financed the printing of millions of persuasive brochures, and paid the commissions of thousands of telephone and door-to-door salesmen. It provided the wherewithal for the funds' sponsors to reward brokerage houses and their customers men for pushing mutual funds.

Without a sales markup, the no load funds were in no position to finance any big sales drives. "We depend," explains Harold Dorfman, assistant treasurer of de Vegh & Co., New York, "to a large extent on word-of-mouth from satisfied stockholders for new business—although a lot of it also comes from advertising."

Helpful as that may be, it is no substitute for the kind of salesmanship that has made ordinary mutual funds one of the recent success stories of U.S. business. It means that the investor has to seek out the no load funds on his own. He cannot expect the services of a salesman.

Nevertheless, a steadily growing number of businessmen and executives have been seeking out these no load funds. One of the more successful, Baltimore's T. Rowe Price Growth Stock Fund, had its best sales year in history during 1960. Its total assets climbed from $28.5 million to $39.9 million, and its shareholder ranks swelled from around 2,500 to more than 4,000. New York's little Johnston Mutual Fund reported an increase of nearly 50% in net assets (to $16.8 million) and better than a 50% rise in the number of its shareowners (to 4,513).

These results were the more remarkable in that 1960 was not an especially good year for mutual funds. As a group, their sales last year were about 8% behind the year before.

What are these no load funds? How can they afford to sell at asset value a product for which their rivals charge a sales commission?

The answer to these questions lies in the economics of the investment management business. The simple fact is that selling mutual funds is an expensive proposition. It is no secret that the sponsors of many leading funds make little or no money on the sales commission, in industry jargon, "loading charges." They tend to plow what they do earn back into more sales promotion. One fast-growing fund, in fact, pays the full 8% "load" to the salesmen. The fund managers themselves absorb the cost of sales literature, advertising, and supervision.

What, then, attracts so many people to the business of running mutual funds? Probably the biggest single money-making feature of a mutual fund is the management fee. This is a regular, continuing charge to fund shareowners, over and above the initial sales commission. On the average, most funds charge ½ of 1% annually for management services, which works out to 50¢ a year for every $100 of assets the fund accumulates.

Those fees can be lucrative. For a $50 million fund they will run around $250,000 a year. For a $200 million fund they will amount to $1 million annually. Investors Diversified Services, biggest of the mutual fund managers, earned better than $10 million last year in management fees.

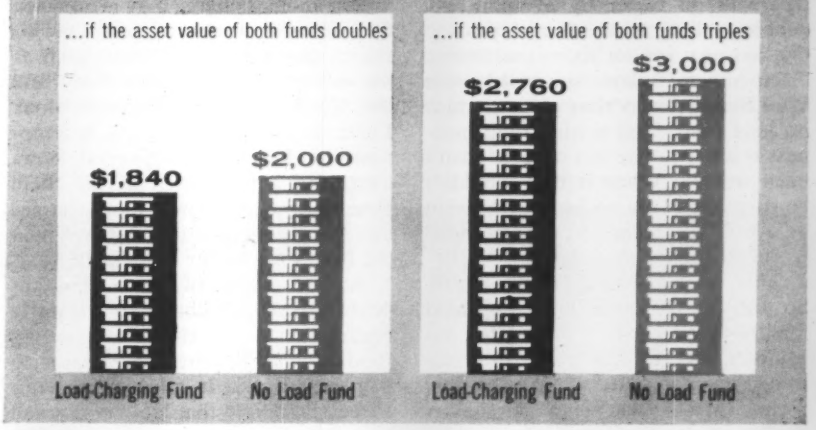
The no load mutuals also charge management fees. This is where they make their money. Once they can attract a stockholder and keep him, they have a regular source of income. Many of the no load funds are managed by regular professional investment counselling firms, which have to maintain research and office staffs anyway. Operating a no load fund may increase their expenses only marginally. For example, the biggest operator in the no load field is Scudder, Stevens & Clark, a large and respected Boston investment counselling firm. Its mutual funds are a sideline. The same is true of Boston's Loomis, Sayles, Chicago's Stein Roe & Farnham, New York's deVegh & Co. and Baltimore's T. Rowe Price & Associates.

Sheer income aside, there are other advantages for investment counselling firms in operating a mutual fund. Scudder, Stevens & Clark, for example, tends to put relatively small prospects into one of its funds rather than into an individual investment advisory account. "When a good customer comes and asks us to manage his maiden aunt Sara's little bit of capital, we put her into our fund," says another no load fund executive. "That way we keep the old customer happy and avoid taking on an account too small to handle profitably on its own."

Having a mutual fund is also a kind of advertising for investment counsel firms. Their shares are quoted in newspaper financial pages, and thus their firm's name gets daily mention. If they chalk up an impressive

The Lure of the No Loads

How great a difference does 8% really make? A $1,000 investment in a no load fund and in a load-charging fund shows how great an effect it can have...



NO LOAD FUNDS are a solid sideline to investment counselling for Loomis, Sayles' Maurice T. Freeman and Scudder, Stevens & Clark's James N. White.

record, they're likely to get further good publicity from favorable mentions in the tabulations run by financial publications.

Just a baby?

All in all, then, there is nothing mysterious about the no load funds' motives. They are not in business for their health. They want to grow. They want to earn management fees and to enhance their reputations. They feel, however, that in the long run they will do better by avoiding expensive selling methods and passing the savings on to their customers. "Remember," says a well-known Wall Streeter who runs an important no load fund, "the mutual fund business is a baby. The last chapter hasn't been written. When it is, I wouldn't be surprised if the no load funds loom an awful lot bigger in the financial world than they do today."

That, of course, only time will tell. So far, these funds have appealed mainly to relatively sophisticated executives and businessmen. For one thing, it's not quite so easy to buy them. Most would-be purchasers can't expect much help from their stockbrokers. Brokers are in business to earn commissions, and they are not likely to make any commissions from selling shares in a no load fund. In most cases, the potential buyer must write (or telephone) directly to the fund. He will then be sent a prospectus and the latest quarterly reports, together with a purchase form if the fund is eligible to sell in his state. The buyer then sends along his check and the funds' managers issue the shares to him.

There are several other minor drawbacks. For one thing, the annual expense ratio is likely to be slightly higher for no load funds, because the funds tend to be smaller. Investors interested in accumulation or periodic investment plans may find that the no load fund demands a higher minimum payment. This is usually from $50 to $125, as against the usual $25 minimum accepted by load-charging funds.

The redemption charge

Still another charge may arise when the investor wants to cash in his shares. Several of the funds, such as the deVegh Growth Stock Fund and the T. Rowe Price Growth Stock Fund, do charge a small, 1% redemption fee. This is not universal, however, and a fund such as the Stein Roe & Farnham Growth Fund charges the 1% only if the investor has held the fund's shares for less than a year.

At first glance, of course, this appears to be a high charge, particularly because most of the load-charging funds do not require the investor to pay such a fee. It must be remembered, however, that 1% is a small figure compared to the over-all 8% of the other funds. Too, it is an extremely low fee in comparison to, say, the commission charges leveled on the investor buying or selling common stocks.

Shares in the no loads are, of course, as readily and easily convertible into cash as ordinary common stocks or the shares of the load-charging funds. The customer simply writes to the fund, notes that he wants to cash in his shares, and then receives the underlying net asset value of those shares. These are quoted daily in many large newspapers, with the metropolitan newspapers even going so far as to run special daily columns listing the asset values of both the larger load-charging funds and their smaller brothers.

All in all, are the no loads worth the extra trouble and the minor drawbacks involved? The answer must be the same as for anything else. In business, buying on price alone is not sound economy. Capital is much too hard to come by to risk entrusting it to the cheapest management. But where the no load fund has as good or better a record than a comparable load-charging fund, there are obvious advantages. The load-charging fund has to produce an 8% capital gain before the investor breaks even, but the no load fund investor is money ahead with the very first increase in the capital value of the shares he has bought.

Then, too, as no load men like to point out, the sales commission results in a perpetual limitation on results. A simple example of a $1,000 investment will illustrate how this works. If both funds double in asset value, the no load shares are worth $2,000. But the $1,000 put into a fund with an 8% loading charge is worth only $1,840. If the shares treble in value, the no load fund investment is worth $3,000; the load-charging fund investment has appreciated only to $2,760.

Before committing his precious capital, the wise executive will carefully consider all the facts. The size of the sales commission is important, but it is not all-important. There are many other points to be looked into.

The wise investor will collect prospectuses and reports from a number of funds. He will compare their records in some such manual as Arthur Wiesenberger & Co.'s excellent *Investment Companies* (which is published annually and available in most public libraries, banks, and brokerage houses). Only then will he make his choice. But, on the obvious arithmetic of the situation, he would do well to consider the no load funds.

Editor's Note: More facts about this little-known form of mutual fund investment will appear in a second article, describing the leading no load funds, their investment objectives, and their records to date, which will be published in the June issue of DUN'S REVIEW.

There's a whole new world of sales for companies that cash in on Americans' urge for self-expression.

The Booming Market in Mass Culture

ALL OVER THE U.S., American executives in a specialized line of business are hard-pressed to keep up with a rash of radically new outlets for their products. In supermarkets, $985 electric chord organs suddenly appear on sale between loaves of bread and cans of paints. Paperback book stores spring up in Manhattan subways, and on drug store shelves paint-it-yourself kits now vie for the customer's dollar with aspirin, sulfa, and toothpaste.

All over the U.S., in fact, more and more Americans are spending top dollars to go highbrow. For the makers of a raft of products ranging from art supplies to xylophones, this scramble for culture has brought a veritable bonanza. And for still other companies, this burgeoning new market—which often can be entered on a shoestring—spells business opportunity.

This mass boom in culture, probably the first of its kind in history, gets its impetus from sources that reach even into the White House. Harry Truman's piano-playing, Dwight Eisenhower's efforts with brush and easel, John F. Kennedy's innovation of a live poet at his Inaugural may be more symptoms than causes of the trend. But few marketers—or producers of paint chemicals, printing presses, and hi-fi parts—doubt that they have given an extra zing to the jingle of cash registers in stores where the tools and trappings of culture are for sale, and eager buyers abound.

What's more, a share of this booming market is a good deal easier to get than it may look. As just one example, look at the business of making long-play records, which has zoomed to $400 million a year in the twelve years since it got its start.

Today, no fewer than 2,000 different labels compete in a market where 55 companies do 85% of the volume. There's little question, of course, that the field is a crowded one. But in a business where a $4.95 record may cost less than 10 cents to press, the rewards are there for the aggressive entrepreneur, and many a record business has been launched on a $3,500 shoestring. What's more, some have

PIANO SALES got a boost from ex-President Harry S. Truman, who was widely known to favor classical works.

DWIGHT D. EISENHOWER, his successor, found satisfaction at the easel—and thousands followed his suit.

zoomed to success on the strength of an idea or a single record.

Take Sidney Frey. A minor New York record distributor in the early 1950's, Frey started putting out a few disks under his own Audio Fidelity label. To put his product over, he was betting on just one thing—top-quality sound engineering that would make his label synonymous with the highest in hi-fi. How well his bet paid off is charted by a sales curve that zoomed from $250,000 in 1953 to $3.5 million today.

In all, last year, close to half a billion dollars' worth of records were sold. More than half of this, reports the Record Industry Association of America, went for long-play records. $59 million were classical.

One reason for this impressive sales figure is the staggering variety of musical fare now being offered—a direct result of the growing sophistication of American musical tastes.

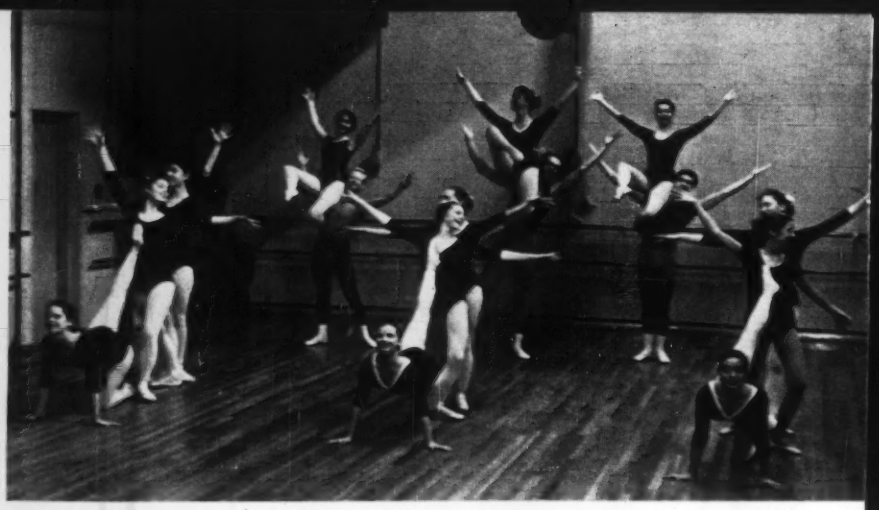
Chants, chamber music, and cha-cha

"Nine out of every ten pieces of classical music we recorded in the past," says RCA Victor's Vice-President George Marek, "were 'warhorses,' like *Scheherezade* and the *Nutcracker Suite*. Now the ratio is only six in ten." Today's record buyers have, in fact, displayed an awesome appetite for everything from medieval plainsong to the most abstruse contemporary musical experiments—and record companies have gone far afield in search of the obscure and the exotic.

Another significant development is the burgeoning of recorded language instruction, poetry readings, plays, folk music, and special fare for children. These have just about quadrupled in the past five years, and even such top businessmen as billionaire J. Paul Getty are using language records to aid their business endeavors abroad.

Comparing a 1960 Schwann's Long Playing Record Catalog with a 1955 issue, R.I.A.A. points out that recordings of poetry and prose jumped from 110 listings to 341. Language instruction records grew from 19 to 57, children's albums from 105 to 412.

Those language records, incidentally, range from standard French to Mandarin Chinese. Poetry records run the gamut from Vergil (in the original Latin) to "beat" poets reading against a jazz background, recorded drama from Sophocles to Archibald MacLeish.



ADULT BALLET classes, now held in scores of communities across the land, have stepped up sales for makers of textiles, dance shoes, other products.

Still another force in record merchandising today is the mail-order record club. Columbia Records, RCA Victor, and Capital EMI dominate the field, but there are a bevy of small specialized organizations, as well. And despite the outraged cries of retailers over lost customers, the record makers maintain, in the words of RCA's Marek, "We've tapped a brand new market."

At Children's Record Guild, which Vice President David Stevenson calls "the largest purveyors of culture via the spoken word," the emphasis is on good records for youngsters. At the same time, the company is doing a brisk business in $9.95 "Living Language" courses—long-play records accompanied by dictionaries. Coming up: a "Living Literature" series including the *Book of Psalms*, *The Best of Mark Twain* and the *Dialogues* of Plato. "People like to read and listen at the same time," says Stevenson.

Closely linked to the upsurge in record sales, of course, has been the boom in high-fidelity sound equipment, lately reinforced by the swing to stereo. Hi-fi's double-barreled sales appeal—to the music-lover and the do-it-yourself "audiophile"—has already paid off handsomely in the 1950's for many small manufacturers who combined modest capital with engineering know-how. Estimates of how much is being spent for components range from $40 to $60 million, compared to perhaps $10 million back in 1950.

Why are hi-fi buffs willing to spend $400 or more for a system made up of bare, unadorned components? Mostly because they want to invest in music—or, anyway, in sound—rather than furniture. But there's sometimes another motivation, notes H. T. Harwood, advertising director of Shure Brothers, Inc., Evanston, Ill. "Components," he points out, "are still regarded as a status symbol. The woman with a component hi-fi system is a notch or two above her neighbor with a handsome conventional console."

Biggest current development is the hi-fi kit, which goes even further to appeal to do-it-yourselfers by enabling the buyer to assemble the individual components. "Kits are growing," says Herman H. Scott, president of H. H. Scott, Maynard, Mass., an established maker of top-quality components, "because of the additional fun they offer. Color-coded, with parts packaged and mounted in order of use, they're perfect for the hobbyist."

Some manufacturers now feel cramped by hi-fi's general confinement to specialized dealers, many of them well off the main shopping streets. In the cards: distribution through music and department store outlets.

Lafayette Radio Electronics Corp., New York, which went from just under $6 million sales in 1956 to $18 million in 1960 (40 per cent of it mail order), is currently preparing to launch a nationwide chain of franchised stores.

A trend to fuller lines

One of the big problems of hi-fi retailers, says Lafayette's president Abraham Pletman, is that most manufacturers produce only a few of the units necessary for a complete sys-

Sooner or later a good idea comes along in a business and makes a better product. It does the job well and it costs less. It smashes through old concepts. ■ It helps make successful operations out of the companies that buy the product and the company that makes the product. ■ Sooner or later it happens in every business. And it's just happened in the electric typewriter business. ■ It's the new Compact 200 office electric by the new Smith-Corona Marchant. It's efficiency in engineering and in results. Not a portable (they're good and we make them too) but an office electric without extras and so priced at a sensible $225*. You don't pay for any extras you don't need. The Compact 200 has just about everything the big machines have . . . electric carriage return, identical size keyboard, full 12″ carriage, makes 10 carbons . . . you name it. It does all of the jobs of a conventional electric—all but the marginal jobs. And it costs you about 50% less . . . about the price of the manual. ■ The Compact 200 has all the crisp type styles you'll ever need. And it's good looking (obvious but we like to say it). ■ The contemporary Compact 200 has a lot of "ands"; to appreciate all of them call the new Smith-Corona Marchant. We're in your local telephone book.

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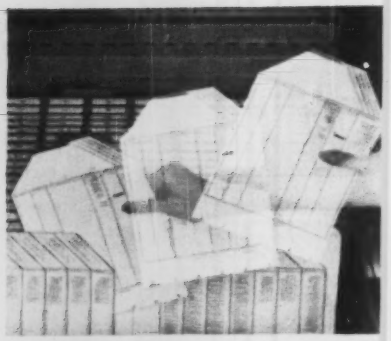
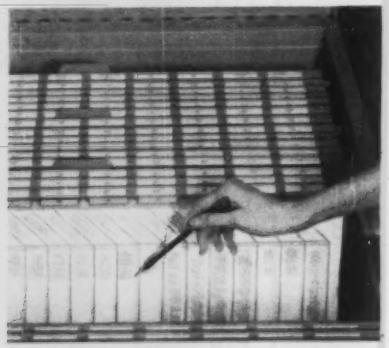


take it...or leave it



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CITY _____ ZONE ___ STATE ___

tem, leaving the consumer to make too many brand choices. "More and more manufacturers," he predicts, "will be marketing full units under their own label."

Along with the stereo hi-fi system, the music stand has become a symbol of U.S. home life in the 60's. Last year the public spent $590 million on musical instruments, up 7% from 1959, and well over double 1950's sales, reports the American Music Conference, Chicago. By 1970, industry sources expect the total to hit $800 million.

Today one person in every six plays some musical instrument regularly. Most of them, naturally, are children —85% of all band instruments and 65% of all pianos are purchased for them. And the nation's 48,000 school bands and 25,000 orchestras are prime buyers not only of instruments but of sheet music, uniforms, and other accessories as well.

Community orchestras are another big market. In 1960 there were 1,500 amateur symphony orchestras, one-third of them in cities under 50,000. In fact, says AMC, the total number of American amateur musicians is at a staggering 32 million—compared to 19 million a decade ago.

Right on key

Among instruments, the biggest dollar volume still comes from the piano. Last year sales were pushing 200,000 units. Reports President Henry Steinway of Steinway & Sons, whose sales rose 30% since 1958, "There's no doubt that the music capital of the world has shifted from Europe to the U.S."

But in keyboard instruments for the home, the fastest sales growth is being registered by electric and electronic organs. Last year 115,000 consoles were sold, along with 365,000 of the less expensive portable electric chord organs.

Band instruments too are booming —from 68,000 in 1949 to a walloping 385,000 ten years later. Of these, 70% were American-made—although in stringed instruments, accordions, and harmonicas, imports have 90% or more of the market.

Not so numerous as amateur musicians, but just as ardent in their pursuit of self-expression, are the amateur artists who last year bought close to $75 million worth of art supplies at retail. Making that estimate, *American Artist* magazine puts the average amateur's yearly expenditure for art materials and tools at $75 to $100. And there is plenty of room for the small manufacturer in what the giant New York retailer Arthur Brown & Bro. calls "definitely a growth field."

Before World War II most art supplies came from abroad. Today, reports the National Art Materials Trade Assn., Chicago, some 75% are U.S.-made. Biggest boom to hit the industry, of course, came in 1951 with the by-the-numbers painting kits that practically guaranteed a recognizable result to anybody with a steady hand and the patience to follow directions.

Sales of these kits have now leveled

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off, but their effects are still spreading. "The kits," notes President James Dyson of Winsor & Newton, New York, the nation's largest manufacturers of general art supplies, "got a lot of people started painting who are continuing on their own—and going in for better quality paints."

For final proof of the growing cultural awareness of the U.S. consumer, you need look no further than the book publishing industry. The American Book Publishers' Council places sales of general trade books (excluding text and reference books) at close to $450 million in 1959. Says Dan Lacy, managing director of the Council: "Publishers' sales more than doubled between 1952 and 1959, and I would guess they'd more than double again during the next decade."

Book-buying trends are difficult to plot these days; a grim $10 volume of history, *The Rise and Fall of the Third Reich,* is a runaway best-seller at the same time that low-cost paperback fiction is soaring to 15% of total book production. Significantly, the 25-cent paperback is fast disappearing, and the public has shown it is more than willing to pay up to $2 for soft-cover book reprints of serious literature. Many publishers are going public for the first time, and publishing stocks boomed last year. "It comes as rather a shock after all these years," says Bennett Cerf, president of Random House, "suddenly to find Wall Street tycoons embracing us and waving certified checks in our faces."

Bigger all the time

Mass merger has been rampant among publishers. One reason reports ABPC's Lacy: "Many small ones don't have the capital to sustain their rapid growth." From 1955 to 1960 some 58 houses realigned into 22 publishing entities.

What does this mean to the printing industry? Says Edward J. Triebe, president of the giant Kingsport Press, Nashville, Tenn.: "Our expansions are projected to parallel our customers' growth pattern."

His words could be echoed by countless suppliers who have good reason to applaud the nation's new bent for culture—for it seems pretty clear today that the growth pattern Triebe cites for just one industry will be duplicated in a score of others, as the U.S. consumer continues to dig deeper in his pocket to enrich his leisure hours. —CLAIRE TRIEB SLOTE

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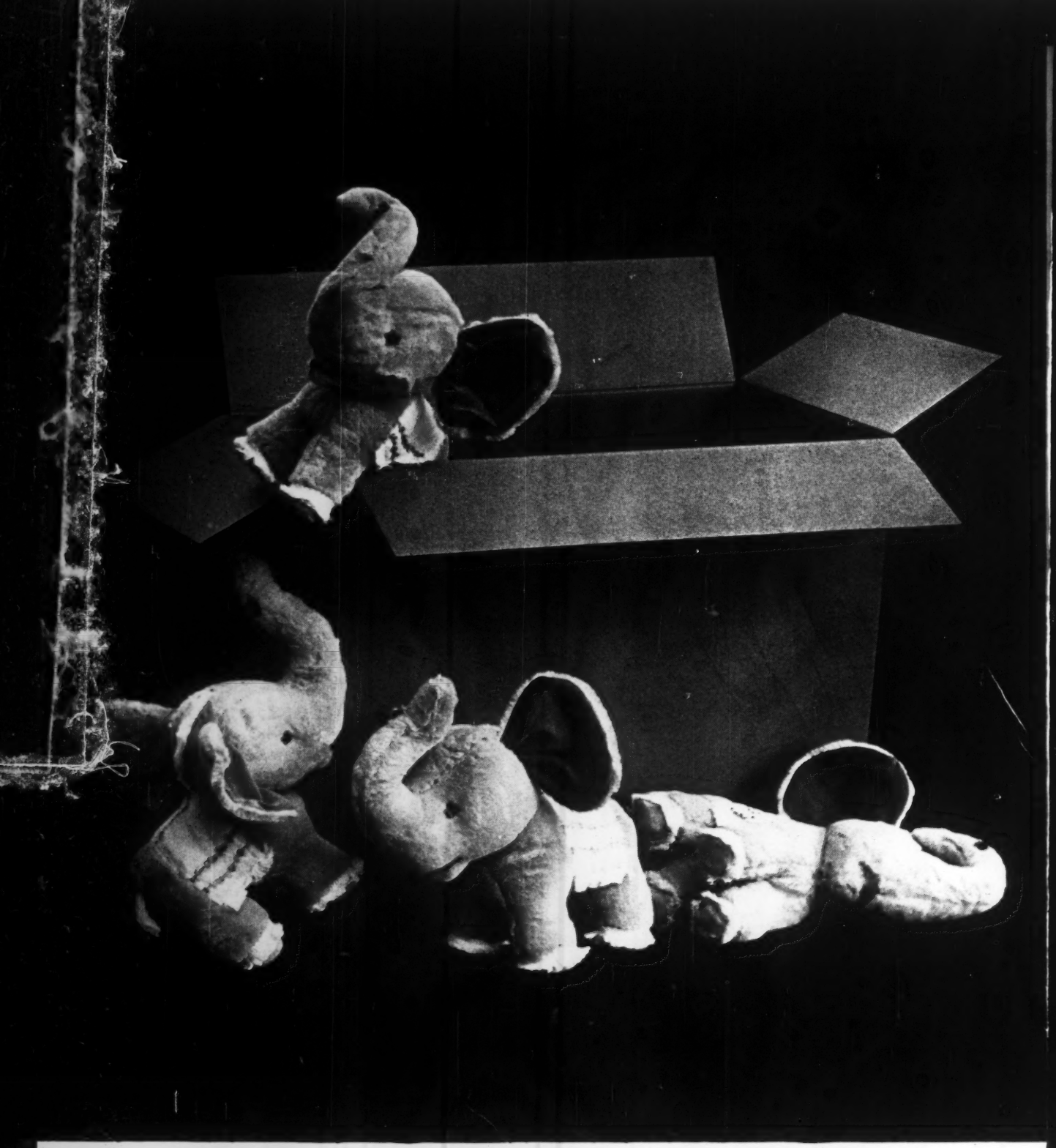

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The Hidden Trap in Automation

Industry's gaze is fixed on the bright goal of high productivity. But is it really aware of the pitfalls ahead? Words and watered-down programs won't satisfy America's new class—the technologically displaced.

JAMES MENZIES BLACK

WHEN YOU PRESS the elevator button to take an automatic ride up to your office, do you sometimes wonder what became of the fellow who used to handle the controls?

He lost a quick decision to a machine, and the building managers can tell you without looking it up just how much money that decision is saving them. They'll point out, too, that the building maintenance men have moved up in the world since they acquired the skills needed to service the new mechanism. Today, they're drawing higher pay and their work is a lot more interesting.

But that elevator operator? He may have found something in an older building where hand operators are still needed—for the time being. He may be pounding the pavements looking for a job.

Danger: TNT

In any case, he's a member in good standing of a new class of displaced persons—the technologically displaced. And if he is forgotten, ignored, lectured at but only half-heartedly helped, it is he and others like him who will spring the hidden trap in automation on management.

For when you try to wrap up an industrial revolution in a 10-year package, you jampack such volatile emotions as fear of change, self-interest, dread of insecurity with the need for greater productivity, the need for higher skills, the hard realities of changing job demands. Unless the package is handled with care, there is great danger of a blow-up.

Most top executives at least know the danger is there. They have read the results of public opinion polls showing that what the American worker most fears, "next to the Russians," is automation. They are fully conscious of industry's obligation to maintain job security—if it can do it and remain competitive.

But that's a big "if." Management also realizes that it's in the fight of its life to keep sales moving, that productivity is the only means by which a high-wage economy can be supported in the face of inflation, foreign competition, and consumer resistance to high prices.

This problem has been a long time in coming to a head. As long as five years ago, Vice-President Ralph E. Cross of the Cross Co. predicted its appearance. "Some companies are now building plants in Europe," he told a Congressional committee, "to hold their share of the European market. I'm convinced that they're also looking forward to the time when competition may force them to supply the U.S. market from European plants." Nor would hiding behind a wall of tariffs help. "There's only one course open," he prophesied. "Higher productivity."

And what will bring the productivity that industry today needs more desperately than ever? Automation. In the words of one electrical company official, "There's no other choice."

Still packing power

Today, organized labor is fighting a rear-guard action. But it's fighting hard. Not till the late '60's will the big breakthrough in labor's resistance to automation come about.

The unions will then be representing more sophisticated employees—the higher-income, white-collar workers, skilled laborers, technicians, all far removed from the old doctrinaire union traditions. By then, too, a new group of labor leaders will be on the scene, men who are prepared emotionally and intellectually to deal with new problems. And finally, as M.I.T.'s Charles Meyers points out, by then there'll be a labor shortage, induced by the low birthrate of the '30's. When automation reaches us in full force, it will replace jobs, not destroy them.

It is the years immediately ahead that are the risky ones. Industry can't wait for higher productivity. Yet such prominent labor leaders as the

AFL-CIO's George Meany are hardly in sympathy with any speed-up. "Change," says Meany flatly, "must come slowly."

Deep feeling lies behind that statement. Today's union leaders see automation as more than a power that will reshape the workforce. They realize that it is also the moving finger that is writing an end to mass unionism as we know it. And they are playing for time: time to readjust their ideas, time to ready their organizations for change, time to make the transition to a radically different society without losing their power.

They have only to look at their diminishing membership to know that a high-skilled machine technology could shatter their organizations with the force of a baseball bat on a plate glass window. They also know that fragmentation is not the road to political influence.

The Administration, of course, must be equally concerned. Widespread technological unemployment would have disastrous political consequences, consequences with far-reaching effects on the whole structure of American society.

"Many of the unemployed who have been displaced by automation are in their 50's," notes Labor Secretary Arthur Goldberg. "They have been out of work for a year or more, and their number is increasing. If you are a man who is declared surplus at 55 or 60, it is no help to say we must automate regardless of the consequences. We've got to provide for that particular person."

That's why the Government will take an increasing role in labor-management affairs. That's why fact-finding boards and commissions will be much more active. The Administration will be too concerned about the health of the economy to permit labor and management to go to the mat on the automation issue if it means devastating strikes in basic industries, strikes that are already drawing more and more disapproval from the public.

With or without strikes, the next few years will be turbulent. Labor will press for supplementary unemployment and severance pay, company-paid moving expenses, a "bigger say" in corporate retaining programs, early retirement, higher wages, a short work week. Management will counter with an effort to get rid of "make-work" practices and costly contract provisions like the escalator clause and the productivity factor.

The very demands that labor advances to slow down automation will be self-defeating. The "take-it-easy" approach might be possible if U.S. industry lived in a vacuum. But no longer is the American economy an island unto itself, with infrequent ferry-boat service to the rest of the world. We've got to push. You don't win a contest —which is what we're in—by doing less for more.

Industry must meet its constantly increasing costs, particularly in the basic industries most adaptable to automation. And employees are learning this fundamental lesson in economics—the hard way. They have found that every time their unions win another bargaining round, there are fewer of them left to profit.

So, in spite of the vocal violence that may surround future contract talks, the unions will be accepting more moderate settlements—and will be much more careful in using the strike weapon—during the next years. But management will have to give, too. It may have to buy back the right to direct its workforce, as was done by the West Coast shippers, who set up a fund to "share the benefits of automation" with their longshoremen. The union—it is worth noting—gave up

Look Before You Automate

Do you really need to automate? New machines don't bring automatic savings, and overhead costs can mount if they're used only part-time. But if your answer is an unequivocal "Yes," go on to the questions below.

- What is your present ratio of skilled jobs to unskilled? What skills will you need five—and ten—years from now? Retraining programs should be based on future, as well as present, needs.
- Can you count on attrition to cut back your workforce? The answer to this one will depend on the age groupings of employees and your normal turnover rate. The more you can protect your workers' jobs, the less they'll resist automation, particularly if they've put in long service.
- How selective are your hiring practices? New workers should be bright enough to take on more complicated jobs later on.
- How good are the supervisors who'll be training them? Job-related technical training will come into its own in the '60's. Be sure your supervisors can handle it.
- What work rules are in the union contract? Frequent conferences with union officials—between negotiations—will ease the way to cutting restrictions, convince them that you're not trying to ride roughshod over labor.
- How much have you told your workers? If they know that their jobs depend on your competitive position, they'll be more receptive. But don't play Pollyanna. Tell them what changes are coming and just how it will affect them.
- What are other industries doing to ease automation's impact? GE, Armour, the shipping industry, the American Tobacco Company—all have programs in effect. Some companies have discovered the unions need prodding to liberalize their apprentice rules. Pointing out the future advantages is in industry's interest. So is work with the unions to upgrade the skills of younger workers in vocational schools and trade institutions.

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Rubert Truck Leasing Co., Springfield

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Tri-Val Lease, Inc., Dover
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OKLAHOMA
Tulsa Auto Rental, Tulsa

TENNESSEE
Carl Carson Co., Memphis

TEXAS
American Truck Rental, Fort Worth, Port Arthur
Dallas Leasing Co., Dallas
Galveston Fleet Service, Galveston, Beaumont
Mission Motor Lease Co., San Antonio
Plains White Truck Co., Lubbock
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Write for a complete listing of NATIONALEASE affiliates showing additional affiliates supplying leasing service throughout the rest of the United States and Canada.

cherished working rules to participate in that fund.

East Coast shippers and their longshoremen have also set up a joint committee on automation. Armour & Company and the Packinghouse Workers have a plan to ease the effect of unemployment caused by new machines. The company pays 20 cents per ton of products shipped into a jointly administered fund. Purpose: to develop training programs for the displaced, to relocate idle workers. An adaptation of this idea may eventually be a way out for the steel men to get rid of featherbedding costs caused by the controversial 2B rules.

Still feeling its way

But if productivity is industry's Number One goal, the fact remains that the most complex problem of automation is that of retraining displaced workers. Experience in the field is limited and the success of any training depends on the ability of an employee to absorb it. One major electrical company that planned to finance the training of automation-idled employees at the rate of one week for each year of service had the union reject its offer. Why? Because management also insisted on its right to select the people to be trained. "We are responsible," it noted, "for the operation of the company, and we must have the right to do the selecting and training."

The National Manpower Council points up the demands that tomorrow's technology will make on workers. "Many of today's electricians will have to learn electronics if they are to retain skilled status. Pipefitters may have to learn hydraulics. A skilled worker who formerly measured with calipers and now uses a micrometer will soon have to learn to work with tolerances measured in light waves."

Special instruction can usually assist a skilled craftsman to keep pace with technological advances in his field. And anyone who has abilities as a carpenter, electrician, plumber, and in other types of maintenance work need not fear unemployment or a low income.

But how much can retraining do to help a middle-aged unskilled worker move up to a skilled job? Even the operation of a sophisticated push-button machine can cause problems to an older worker who has been running simpler machines of the same type all of his life. Listen to Stanley

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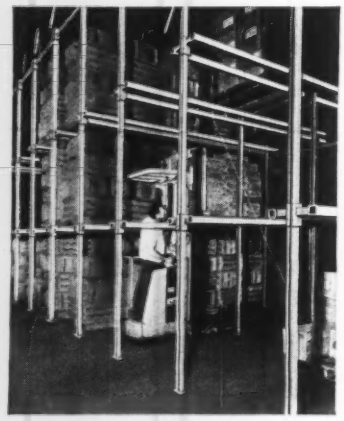
send for catalog

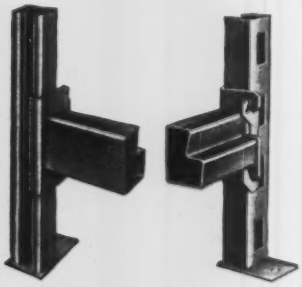


American Slide-n-Lock selective type racks

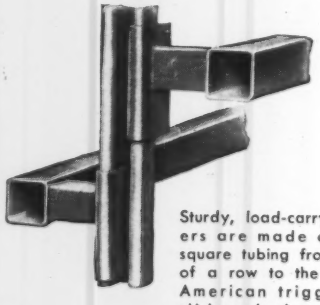
for all types of merchandise—whether light packages or heavy metal products.

American Open-End drive-in type racks

make aisle space storage space . . . ideal for bulk storage.



Smooth line construction of aisle side of post and stringer eliminates hazardous protrusions. Note rigid connection when stringer is "locked" to post



Sturdy, load-carrying stringers are made of rugged square tubing from one end of a row to the other. The American trigger-quick, slide-n-lock method of assembly saves time and money.

AMERICAN METAL PRODUCTS COMPANY

STORAGE RACK DEPARTMENT

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Manufactured in Canada by Sunshine-Waterloo Co., Ltd., Waterloo, Ontario

Tylak, a 61-year-old Ford worker, who told his problems to a New York reporter. "The new machines had 80 drills and 22 blocks going through," Tylak complained. "Every few minutes you had to watch to see if everything was going all right. The machines have so many lights and switches—about 90 lights. And if there's a break in the machine, the whole line breaks down."

This worker broke down first. He wasn't emotionally prepared to keep pace with change. Fortunately, his long seniority entitled him to be transferred to a lower-rated job.

The unskilled and semi-skilled aren't so lucky as that. Their industrial job opportunities are reduced. Although you can make a competent dial watcher out of the displaced hand-trucker, companies won't need too many dial watchers in the future, and some of the unskilled—particularly young, low-seniority men—will have to go. Where they go, and what they do, is the problem.

It is certain the Government will charge industry with a good part of the responsibility for retraining employees who have become "obsolete." But no Administration can take the chance of losing the productivity race by deliberately limiting industry's ability to compete.

Labor Secretary Goldberg underscores the gravity with which the Government views U.S. industry's competitive posture. "We simply cannot afford to have plants that are not fully up-to-date," he warns. "We are no longer pre-eminent in all branches of manufacturing industry. Other countries are already equal to or ahead of us." The consequences of slipping further are too great—politically, economically, militarily. President Kennedy has already disagreed with the Steelworkers' David J. McDonald on the spread-the-work, short-work-week. If America is to compete in the world, Kennedy believes, it must mobilize its total manpower, not artificially restrict its productivity.

Talent, not time

The retraining issue is a thorny one for labor as well as industry. If it accepts management's view—which in the long run, with modifications, is likely to prevail—the unions will have to give up their position on seniority. Emphasis will be on ability to do the job, not length of service. Obviously the employee who depends on his own

talent for advancement will have less reason to need the protection of a union, particularly a mass union which traditionally has directed its appeal to the unskilled and semi-skilled.

The problem of organized labor is very clear. Automation will make it impossible for union leaders to disregard the skillful few because they have the support of the rank-and-file majority. No longer will the general increase that telescopes wages win them support. In the future, they will have to look out for the varied, sometimes conflicting, interests of employees who have widely differing skills. This will mean they will have to take a much more flexible position in collective bargaining.

If the mass union expects to remain competitive, it must find ways—perhaps by forming loose federations of special employee groups, each with its own spokesman—to watch out for the specific interests of each group. By the late '60's, union-management relations—under even heavier Government controls—will involve fewer attempts to use force play to gain partisan objectives, more cooperative planning to solve mutual problems.

What will the Government do to smooth over the pains of transition? Joint study groups, automation funds, retraining programs will be its answer. When you think about it, what else could it recommend?

Methods, machines, and muscle

The United States, like it or not, is in a worldwide struggle. Better machines and better methods supply the muscle. That muscle has got to be used. We have to find some sensible way of reaching a balance between labor and management. "Compete or die," says U.S. Steel's Roger Blough on the one hand. "You can make the automation omelette, but don't break any eggs," warns Walter Reuther on the other.

If we can get through the next few years without too much damage, some of our problems will solve themselves. In 1965, economists predict, we'll have to produce 40 per cent more goods with only a 14 per cent increase in the labor force. This means in the latter half of the decade there will be more than enough jobs to go around.

The task now is to plan how to reach 1965 with no bones broken. On the wisdom of that planning—by management, by labor, by Government—may depend the nation's survival. END

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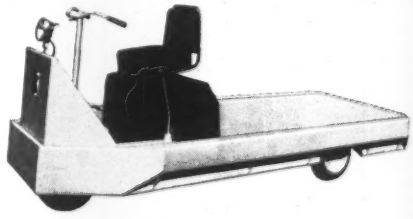

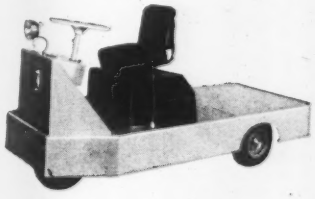

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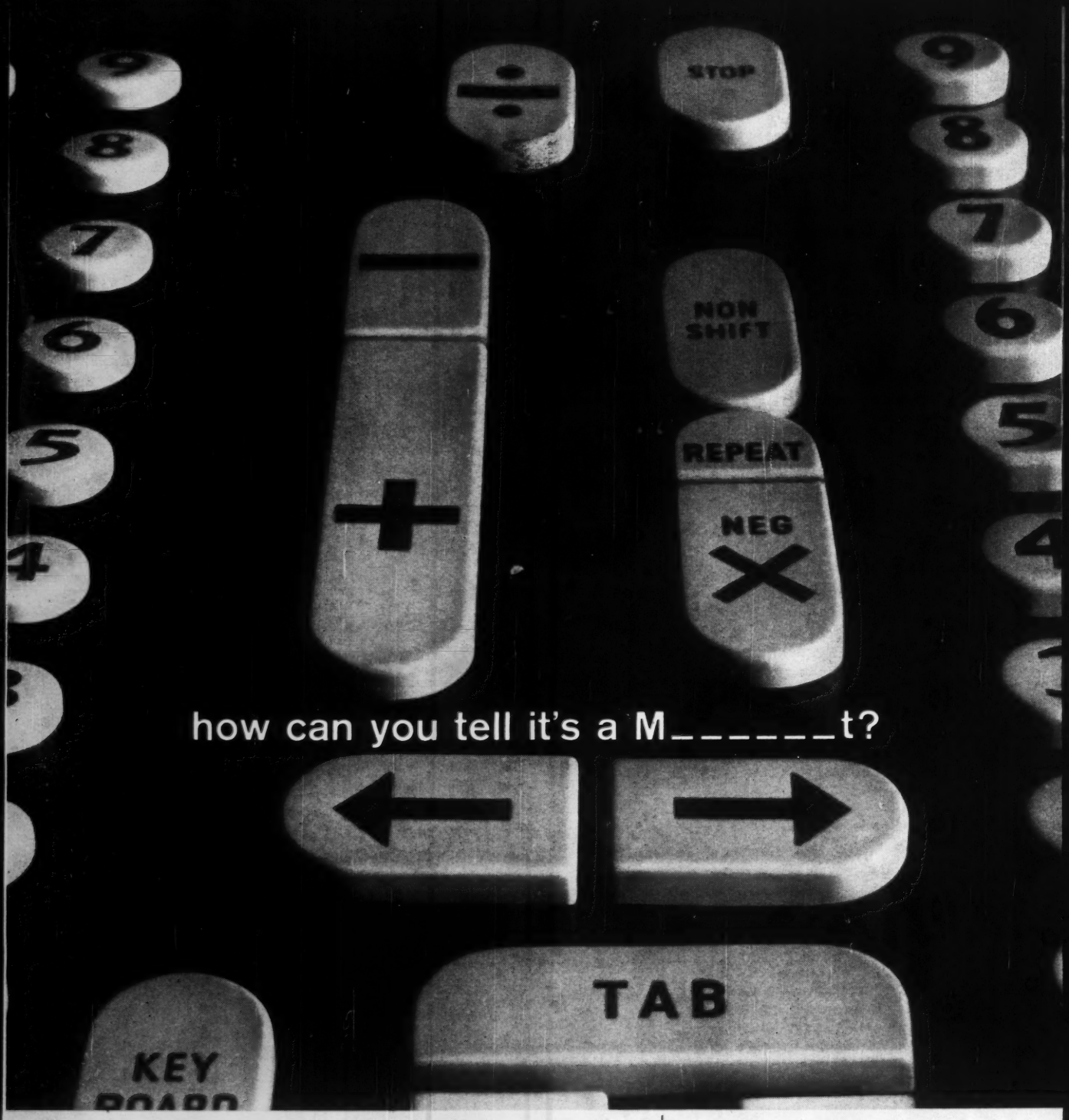

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Sales & Distribution

- *New invasion of the U.S. market begins as duty-free centers move in along border.*
- *How one company keeps customers happy when it has to hike its prices.*

LIKE A trophy-laden warrior, the American tourist returns from abroad festooned with bargains. Still armed with a $500 duty exemption (Congress has not yet cut it to $100 as proposed), he picks up many goods that U.S. duties and taxes have pushed out of his reach here in the United States. The domestic price of diamonds, for example, includes a 55% duty plus a 10% excise tax. French perfume is hit by a duty of 19%, an excise tax of 10%. On British china, the duty runs as high as 60%.

Few tourists, of course, actually travel outside the U.S. just to save on purchases, but people who live close to the Canadian and Mexican lines have long hopped across to pick up items ranging from whiskey to woolens. And the fact that they must stay across for 48 hours to claim more than a $10 duty exemption has been of scant comfort to retailers in the U.S. border states.

Now the competition of duty-free imports has begun to hit retailers, jewellers, importers, and—to some extent — manufacturers throughout the U.S. Last summer, a giant duty-free center opened about 200 yards across the Canadian border, near Alexandria Bay, N.Y., just off Thousand Islands Bridge. On June 15, a second center will start selling 12 hours a day, seven days a week in Niagara Falls, Ont.

The brainstorm of Canadian businessman John David, who owns 600 acres near the Thousand Islands Bridge, the centers are operated by International Resort Facilities, Ltd., which David heads. Eyeing the 25% rise in traffic across the Bridge since the original center opened, the company already has plans to build others.

A bit of everything

One potent attraction for tourists is the range of goods offered. "We're trying the department store approach to selling imports," says David, "and in each of the centers, we've got the largest collection of duty-free merchandise that's under one roof anywhere on the globe."

But what is really new about the centers, U.S. retailers point out, is that all the merchandise imported from Asia, Europe, and the British Commonwealth has entered Canada itself duty-free. In addition to saving U.S. duties and taxes, the customer from the States also avoids paying Canadian charges that ordinarily add up to 11% on every import purchase.

Hardest hit by this competition are U.S. department stores and quality shops that sell perfume, china, glassware, cutlery, watches, expensive toys, sporting goods, and woolens. Few of the 2,000 different items on display are available in discount houses in the U.S. This year, David expects that the two duty-free centers will do $1.5 million, increase their sales to $5 million in 1962 as word of their existence spreads. (Last year customers came from as far away as Texas.)

None of the buyers tote their purchases home when they leave. Part

THE DEPARTMENT STORE APPROACH lures U.S. shoppers to duty-free import centers in Canada. This huge complex opens next month in Niagara Falls, Ont.

of the scheme is that "you can't take it with you." Instead, the returning American presents his sales receipt to the U.S. customs agent at the border, and after having it validated, mails a copy back to the center in a self-addressed envelope. The company then ships the purchase from a warehouse to the customer's home.

Storing the stock in a warehouse is, in fact, an integral part of David's merchandising operation. The Canadian Government rejected his original plan for a free port, where duty-clear goods could be bought over the counter as at Eire's Shannon Airport.

But it bought his idea of keeping the imports under bond in a warehouse after he had pointed out that the increase in tourist business would more than offset the income lost by allowing the imports into Canada duty-free. Of the millions spent by American tourists abroad, Canada's share has dropped from 45% in 1948 to 21% today. The reason: Europe's growing lure for U.S. travellers. Under his scheme, David reasons, Canada is not actually sacrificing duty revenue, since most of the duty-free imports would probably find markets right in the U.S. if they weren't allowed to skip Canadian customs.

So far, Canadian retailers have raised no organized protest though the newspapers have run editorials about unhappy local merchants.

A much bigger problem, reports David, was how to overcome the reluctance of European suppliers who were afraid to jeopardize their relations with U.S. distributors, importers, and large retail stores. In the end, company executives called personally on potential suppliers throughout Europe, used the influence of two large retailing companies—Henry Morgan and Co. in Canada and United Drapery Stores in England—which are stockholders in International Resort Facilities, Ltd.

The cut won't hurt

A new problem may arise, though, if the U.S. personal customs exemption is reduced. To lessen the drain on U.S. gold reserves, the Administration has asked Congress to cut it from $500 to $100 for travellers who stay out of the country twelve days or more. (The scale goes from $10 free of duty, if the visit lasts less than 48 hours, to $200 if it's from three to twelve days' duration, to $500.) David doesn't view the cut as a really major threat to his duty-free centers, since the average sale at his store last summer was about $30. He admits, though, that sales of diamonds would undoubtedly lose much of their sparkle, since by pooling their individual exemptions, a couple can now spend as much as $1,000 on diamonds without having to pay the 55% U.S. customs duty and excise tax.

Selling the Price Hike

With signs of recovery sighted all around, many manufacturers are already feeling the pressure to raise prices and counter rising costs. Sales may be slow in many lines, but nonetheless companies that expect to up their prices in the months ahead still considerably outnumber those hoping to reduce them. And the new Administration's dedication to stepped-up economic growth, economists say,

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portends a good deal of upward pressure on prices.

How, though, does a manufacturer hike prices today without alienating buyers who can't pass along the added cost to *their* customers? Edward Stern and Co., Inc., a Philadelphia printing concern with $6 million sales annually, hopes at least to cushion the shock by treading carefully and speaking softly. Stern's point-by-point checklist for executives who have to justify price increases while keeping customers happy includes these pointers:

1. Time the price rise carefully. Don't, for instance, announce a boost right after an earnings statement that glowingly describes new profit heights.

2. If possible, try to delay small price increases so that all can be made at one time—and only once a year at that.

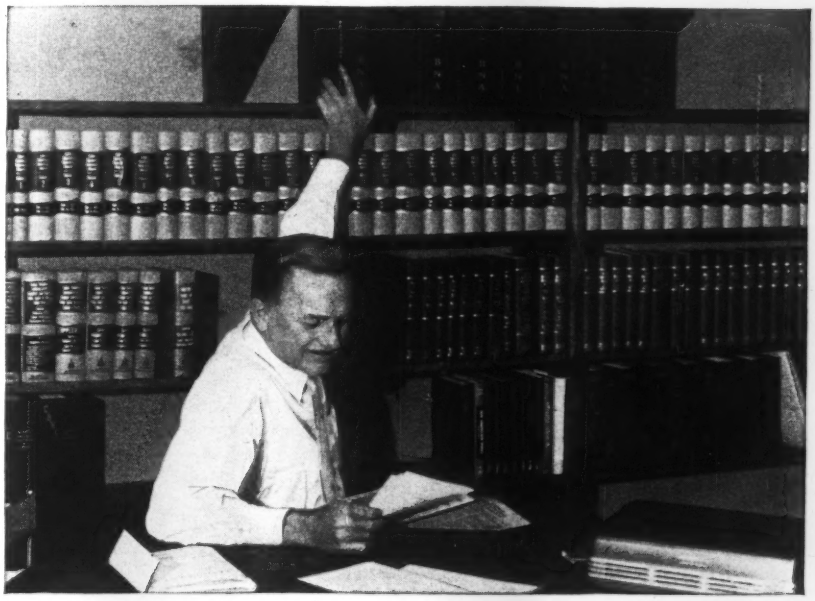
3. Explain, but don't apologize for the increase. Whether the boost is caused by increasing costs of raw material or labor, or even the need to keep profits high, a company doesn't have to make excuses either to salesmen or customers. Making a fair profit is the reason for being in business.

4. If the increase is minor, put it through and forget about it. Tell the salesforce to play it down with customers. Even when dealing with a major increase, don't make an issue of it with the salesmen. Emphasize, instead, that price hikes are always put through for sound reasons.

5. Your ability to sell your salesmen on the increase will be reflected in their ability to sell your customers. So, make completely sure that you have a sure grasp of the detailed reasoning behind the rise. Be forthright and thorough in your explanations.

6. Show salesmen the positive ways in which they can use an impending price boost to their advantage—by reminding customers, for instance, of the important savings to be gained if they stock up before the new prices go into effect. Encourage your men to alert customers to upcoming price increases as far in advance as possible.

7. Finally, drill into the salesforce the need to stress quality, service, and other benefits. Then they'll avoid the unwelcome reception that awaits salesmen who approach customers apologetically with the news the product now costs more. —T.K.



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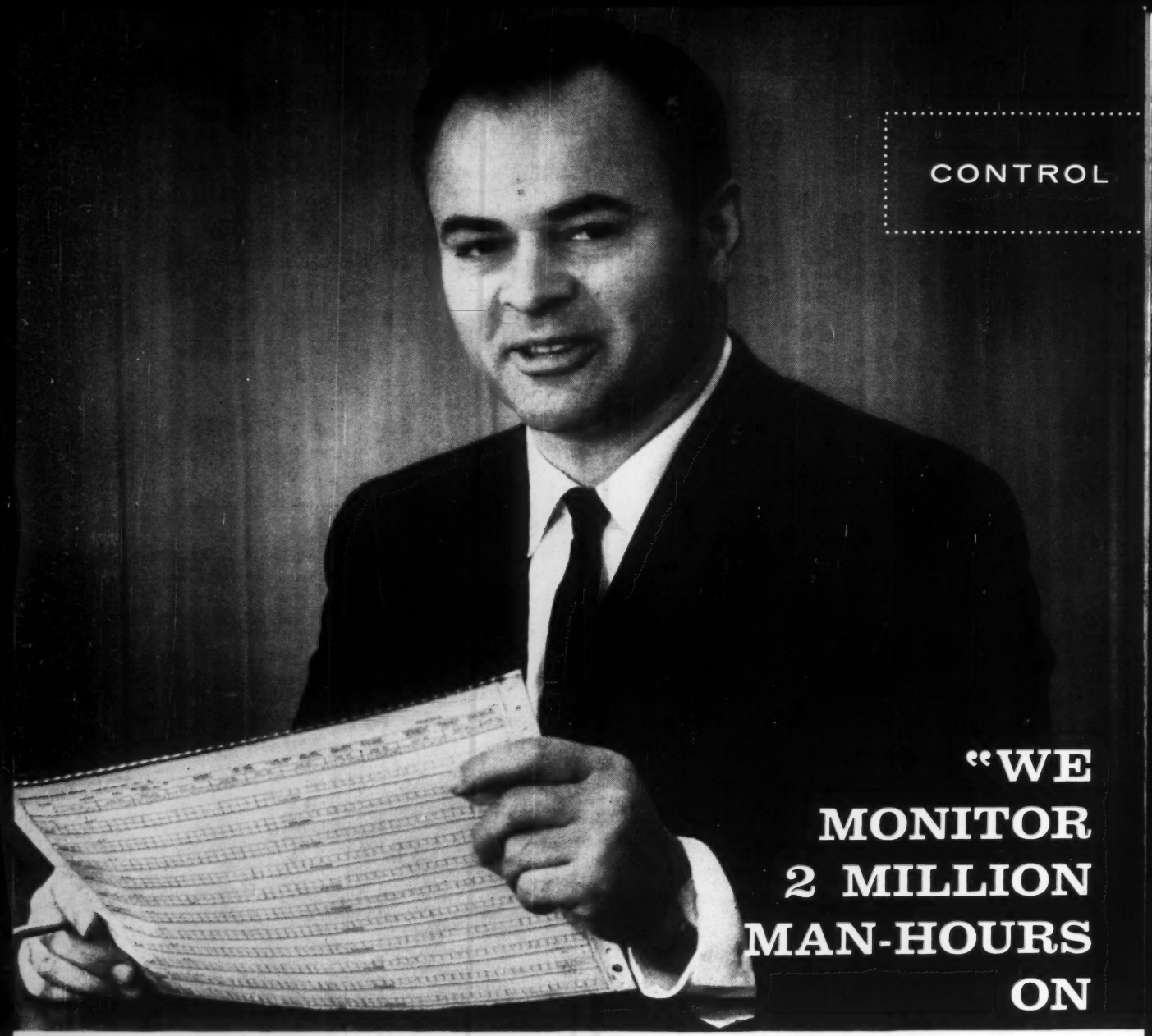

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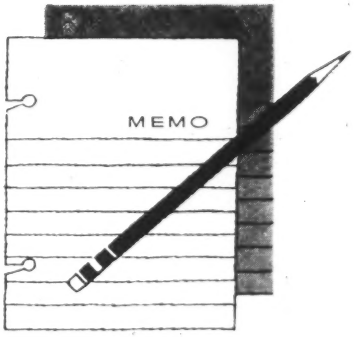

Personal Memo

√ *Tax-free wives on trips abroad*

√ *If you have to buy office art—*

√ *A new bargain for retirement*

WHEN IS A WIFE really necessary? As the Internal Revenue Service sees it, there are times when she may be not only necessary but deductible as well. Some of them are obvious enough. If you, like thousands of other executives, are off on a business trip to Europe this summer, you can deduct your wife's expenses if she can (and does) double in brass as a secretary, or if her presence is otherwise vital to the business success of your trip.

Playing hostess is not enough to qualify her as a business expense, no matter how essential the entertainment may seem. She can charm a crusty customer out of the black mood you've plunged him into, but that won't soften Internal Revenue's heart if you try to deduct even the price of her dinner.

Keep a diary

The IRS wants solid evidence that your wife is accompanying you for plain and simple business reasons if you claim her expenses. What will convince them? In addition to the obvious records like carbons of letters and transcripts, tax advisers recommend that the secretary/wife keep a detailed diary of all her business activities on the trip—phone calls made, meetings attended, reports compiled, research researched.

The IRS has a sixth sense in turning up frauds, the experts warn. You've got to show that you really needed a secretary—and that your wife was capable of the job.

But there's one little-known situation that could give you a break. If you're going abroad to recruit Europeans for work here in the States, you can take your wife along, with Uncle Sam's blessing, to interview the wives of your prospective employees. Reasons the Government: A transplanted foreign wife who's unhappy in the States may prevail on her husband to take her back home —thus causing you to lose the money you paid out in moving the couple here. And, on the theory that a woman is the best judge of another woman's character, the Government believes that your wife is far more likely to discover, even if she doesn't speak the foreign wife's language, how she feels about the move and whether she's likely to fit in over here.

Single savings on double fares

Another ruling offers a chance of some savings on your wife's expenses even if you can't show that her presence was necessary on your business trip. If you go family fare, the rule now is that you can deduct the full price of the single fare you'd have had to buy for yourself alone. The same ruling applies to hotel rooms. If a double room costs you $20 a day and a single would cost you $16, deduct $16, not $10.

Incidentally, the line between business and pleasure can be pretty thin when you're off on a European jaunt. To claim any expenses at all, you must be able to prove that the trip was taken *mainly* for business purposes.

This doesn't mean you have to keep your nose to the grindstone and ignore the sights. As long as you can prove you went abroad primarily for business reasons, your fare, hotel room, and normal expenses will be allowed. Just don't include the car you hire to tour the Riviera beaches. And if you spent twenty-five days having fun, don't try to deduct the lunch you bought your best European customer at the Tour d'Argent on the twenty-sixth.

• • •

With a rash of modern art breaking out in executive suites across the nation, many a businessman these days is facing up to a ticklish question. Not knowing anything about such art, how can he make an intelligent decision on what to buy, how much to pay? The sad fact is that buying art is every bit as difficult as buying stock.

Even worse, you can't always just hire a so-called "expert" or an interior decorator and let him worry about it. Many businessmen have received bad advice on modern art from both quarters.

For all the risks, though, there's no doubt that an impressive abstract in the reception area can do more than add an up-to-date touch to your corporate image. It can prove a smart investment as well. The painting you buy for $800 today may well double in value within a few short years—or be worth exactly nothing.

How can a businessman who is out of his depth among the abstracts make even an educated guess as to a painting's value, artistically or financially, as he pushes his way through the jungle of modern art?

Here, dealers and museum curators are unanimous in their advice: You can't just hand someone else the money and tell him to come back with a painting—any more than you'd give him a thousand dollars and tell him to pick out "a few shares of stock." Decorators, for instance, often count on 100-per-cent profit on pictures for clients.

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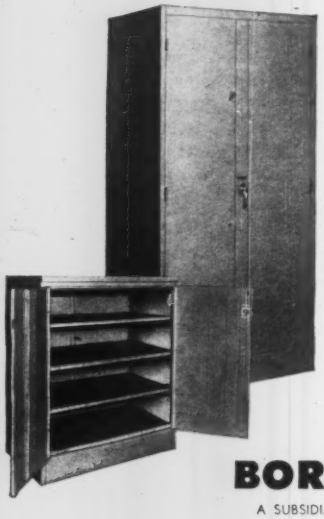

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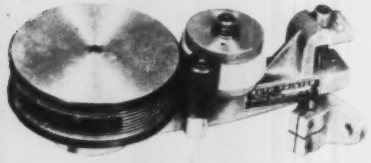

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Instead, take the time—if you can —to learn something about contemporary art. Just walking around and looking at it will help you get the feel of what's being done. Then and only then, get expert advice. And, finally, make your own choice.

Guideposts and guarantees

For advice, the big museums are a sound bet.

They'll help to get you over the dealers' threshold, but you'll have to stand on your own once you get there.

A reputable dealer is a real necessity. In New York City, where the overwhelming majority of American painters sell today, there are over 200 galleries "making money hand over fist," in the words of one gallery owner. Only a tenth of these are considered top-flight. Any good gallery will give you a range of painters—and styles—to choose from. Unless you know the dealer's reputation, it's best to avoid him if he offers no variety.

Another safeguard in choosing a gallery sounds childish but isn't. That is, to ask if you can trade in the painting you buy now for the same price a few years hence. If the dealer says "no," the experts say, he doesn't believe in the artist's work—and neither should you.

What about prices? Today they range from $200, for the work of a young painter with a handful of good reviews, to $5,000 or $6,000 for canvasses by mature painters. Sculpture comes higher—$500 to $15,000 is the range.

If you want to commission work, incidentally, look to the sculptors rather than the painters. Says one large and reputable dealer: "Paintings that aren't commissioned are apt to be much better work than commissioned canvasses you 'order.' Sculpture is another matter—sculptors are used to working around other people's ideas."

• • •

If you've been thinking about settling on a place to retire, you could do a lot worse than look into a Western ranch. Right now, in fact, is a particularly good time to make the move. Since the Government started cracking down on people who were buying up ranches for a quick tax loss, it's been a buyers' market. So, with due care, you may very well be able to pick up an attractive piece of

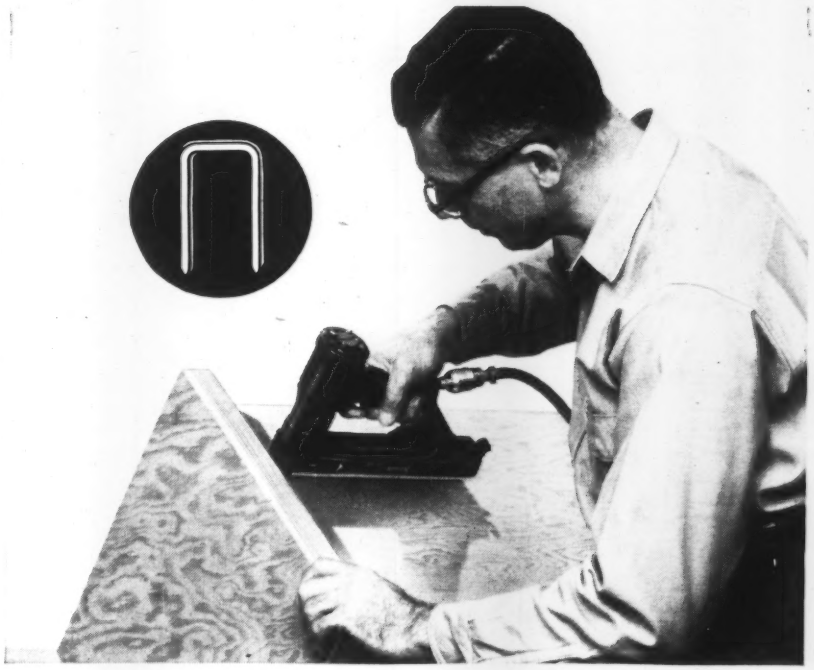
property—which can also be a profitable long-term investment—at a surprisingly low price.

Payoff for the prudent

If you do decide to look the possibilities over, there are some pitfalls you should know about:

- Water rights are all-important—check to see whether the water's free or you have to pay for irrigation. The amount of water you need depends, of course, on how many crops you raise yourself and on how many head of cattle you have. You need more water if you plan to keep the cattle over the winter, especially if the winters are long. You need less if you run a feeder ranch, fattening the cattle over the summer and selling them in the fall (which is both cheaper and less profitable).
- Grazing rights are also vital. Though the U.S. Forest Service allows ranchers to graze their cattle on Government land, it's less generous about it these days. Canada is liberal with its rights, but the situation on this side of the border varies from state to state.
- Land, not buildings, determines the value of a ranch. Watch out for sellers who have put a lot of money into their houses and stables, and may now be hoping to get it back by upping the price.
- Animal units are the measure of value: how many acres it takes to feed a cow and her calf. This can vary from 5 acres in Northern regions to 20 in the arid Southwest.
- Absentee ownership carries a large element of risk. Good ranch managers—like good cowboys—are always in demand. For suggestions, ask the local banker, Government agricultural agents, state agricultural schools, other big ranchers.
- Unless the soil is unusually good and you're planning to grow crops on it, no ranch under 10,000 acres is economically feasible today. Exception: ranches that raise for purebred cattle for quality markets.

Before you buy, ask plenty of questions—not only of the real estate agents, but of other ranchers as well. In the sparsely populated Western states, many ranches are known by people 50 or 100 miles away—or they'll know someone who knows the owner's brother or the cousin of a cowboy who works there. It may take time to find out what you need to know, but it's worth it. —P.H.D.



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International Markets

ALEXANDER O. STANLEY

- *Trade centers, market surveys, expanded insurance programs spur U.S. exports towards a new record.*
- *World Bank loan records give a clue to eager markets.*
- *U.S. prices look better after German and Dutch currency revaluation.*

A LOT MORE U.S. companies will be eyeing the export market this year. Goods shipped overseas made a significant impact on the sales and profit picture of thousands of firms in 1960, when the national over-all total hit $19.6 billion—a new peak. Now, they —and their competitors—are looking over the facilities that will make it even easier to rack up sales overseas.

The new U.S. Trade Centers, for instance, will be a permanent showcase for American-made goods, making it possible for U.S. firms to display their products the year round in key trading points. The first center opens next month in London, with others to follow shortly in the prime markets of the Far East, Latin America, and Africa. Each will feature different industries on a monthly schedule.

Hitting a balance

As presently drawn, the policy lines aim toward a "balanced" show that includes displays both by big and small business, with exhibit selection screened by local foreign businessmen. The focus will be on products with high sales potential, but products untried in the local market will be included, too. The first London show—which some 50 U.S. companies have entered so far—will, for example, feature household goods ranging from play pens to bun warmers. On the future London agendas are appliances, teen-age apparel, toys and games, hand tools—with other groups to be announced later.

Answering questions at each show will be Foreign Service officers from the Bureau of Foreign Commerce and representatives from U.S. trade associations and industry groups. But they can't handle any orders, and each exhibitor is expected to have his own representative there to demonstrate products and develop contacts. (For more data on how you can get your products on display, write to the Trade Center Division, Bureau of Foreign Commerce, U.S. Department of Commerce, Washington 25, D.C.)

Also under the BFC, the Trade Contact Survey Service has now launched a custom-made program to help U.S. companies find distributors overseas. Here's how it works:

- For each market you want surveyed, fill out application form FC-963, available at the nearest Commerce Department field office. Attach three—or, better still, six—sets of catalogs or descriptive literature, and price lists for each market under study.
- Base prices quoted on c.i.f. (cost, insurance, freight) terms—an international freight forwarder can help compute them if you have never sold to the market under survey. Your cost calculations should be stripped of U.S. sales and advertising charges—substituting export equivalents—to arrive at a realistic and competitive price.
- Make up a composite sales letter that leans heavily on straight information, with emphasis on the precise uses and functional advantages of your product types.
- Don't worry about whole-market, complete-product-mix representation, since not all product types can be sold in all areas. Leave the door open to a limited-product-range agency, based on the lines the dealer prefers to handle. You may wind up with several agents in one market, each handling a different assortment of your products —but you may be following a like pattern here at home.
- If you have a special or unique method of operation in sales, agency, or dealer arrangements, say so and explain how it works. These patterns can sometimes be followed very effectively abroad.
- Tell something about your company: when it started, your present capital, annual sales, the number of accounts, the number of employees, your industry position. Include bank and trade references.

Only the product counts

If your company is new or small, don't worry about being left out of the running. Many dealers abroad, themselves small, are more interested in "growth" products than in established lines where competition is tougher It's the product they look at—and how well it can be adapted for local promotion.

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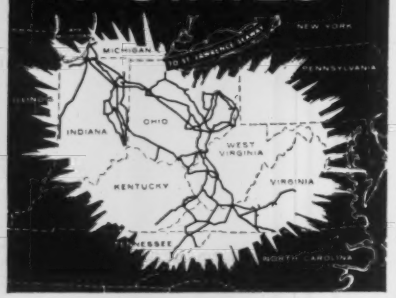

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A qualified Commerce Department Foreign Service officer on station in the overseas market will handle your survey. The cost to you: $10 per market. But there's one word of caution: Be sure to find out before the survey is started whether trademark registration is required in the market you're aiming at. If it is, spending the money to register your mark will save you from future exposure to trademark "pirates." Because they overlook this detail, many U.S. companies are paying ransom to get their own trademarks released from these brigands. Neither prior usage nor U.S. registration gives protection in many overseas markets. On the average, total fees and legal costs run about $125 per market. It's cheap at the price, considering what you might have to pay to regain control of your trademark.

More insurance against more risks

Exporters are also watching the expanded credit insurance programs that are under study by several separate groups. One plan, advanced by David Rockefeller, Chase Manhattan Bank's president, calls for special finance companies to be formed as subsidiaries of major U.S. banks, just to underwrite export credits. Funds would be supplied by institutional investors, such as insurance companies, savings banks, and so on, with U.S. Government participation broadly following the FDIC (Federal Deposit Insurance Corporation) formula. Guaranties would be limited to cover expropriation and equivalent jeopardies that are popularly termed "political risks." The proposal is now under close study in Washington.

In another variant, developed by a committee of the International Section, New York Board of Trade, broader lines of insurance are proposed to cover both political and commercial risks. This insurance would be made available to credit-cautious exporters through a quasi-governmental organization. ("International Markets," DUN'S REVIEW, November 1959.)

Both proposals would add to the safeguards guaranteed by the recently liberalized credit insurance of the Exim bank, which now covers almost every type of export from hair curlers to cars, with comprehensive protection against both commercial and political risks in short- and medium-term credits.

One thing is sure: Exporters will

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soon have less worry about hunting up credit funds, a freer hand to concentrate on building sales.

If you are interested in definitive information, there are two recent publications worth scanning: *A Company Guide to Sources of Export Financing*, a full-length book released by the Machinery & Allied Products Institute, 1200 18th Street, N.W., Washington 6, D.C., and *International Guide to Foreign Commercial Financing*, by Reimann & Wigglesworth. This is published in two volumes by International Reports, Inc., 200 Park Avenue South, New York 3, and totals 439 pages, including a directory of companies now engaged in the field, here and abroad.

Guide to Growing Markets

Watch World Bank loans. They are an important index to expanding markets. In its fifteen years of operation, the World Bank has piled up a rather impressive record of 277 loans, signed for a gross total of $5.4 billion, to 54 countries. At year-end 1960, largest commitments were in the Asia/Mid-East area: $1.7 billion; Europe: $1.3 billion; Latin America: $1.1 billion; Africa: $770 million; Australia: $300 million. Of the billions deployed more as business rather than as aid loans, $3 of every $5 were earmarked, about equally, for electric power, transport and communications—the sinews of industrial production. General development and construction loans, on the one hand, and industry underwriting on the other, shared about equally in $1.50 of every $5 lent, while agriculture got the modest remainder.

Bright Side of the Coin

Revaluation of the German Deutschemark—up 5 per cent—and the Dutch guilder—up 4.75 per cent—improves the export price position of U.S. traders in world markets, even though it represents a modest dollar devaluation in relation to the two currencies. For each $1 worth of Made-in-USA goods exported to Germany, buyers there now pay out 4 instead of 4.2 Deutschemarks. German goods imported into the U.S. and other countries will cost a little more: An item priced at 1 Deutschemark was worth 23.8 cents U.S. Now it will command 25 cents—provided, of course, that German prices quoted are kept constant.

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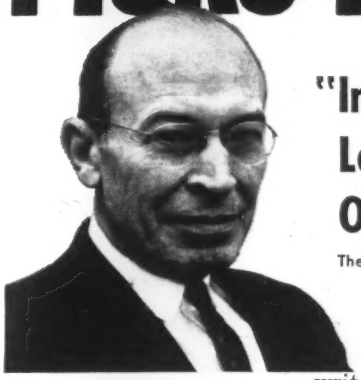

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Theodore O. Hofman, President, Borden Foods Company Division, The BORDEN COMPANY

"After considerable research," writes Mr. Hofman, "we decided to locate our dry milk packaging plant in Mallow, County Cork. The remarkable incentives offered by the Irish Government played an important part in our decision."

During the last three years over one-hundred new industries from all parts of the world have come to Ireland to set up operations. Manufacturing primarily for export, their products range from cranes and pianos to food.

Ireland's incentives to manufacturers and processors are particularly enticing. You receive *ten years exemption* from income tax on export profits, plus a further five years reduced taxation. Outright, non-repayable *cash grants* help you build your factory, equip it with machinery, and train your workers.

Other advantages include **preferential treatment for your products in many countries,** reasonable wage scales, ample power, and a plentiful supply of English-speaking, *interested*, intelligent labor.

Why not write today for details. The Industrial Development Authority's office in New York is ready to assist you with information about your specific industry.

If you can use air freight, Shannon Free Airport offers ready-to-occupy factories for renting, as well as cash grants, and tax exemption until 1983.

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(before you answer, you need to know how big the whole "pie" is)

Judging your success in the market on sales figures alone is guessing at best. If the total market for your product is growing at a *faster* rate than your sales, you're really losing ground, not gaining.

To judge soundly, you need the kind of accurate picture of your total market that Dodge Construction Contract Statistics can provide. You can use these simple figures to help calculate both your true *potential* market and your actual sales *penetration.*

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Other measures now being bruited about could also help us regain equilibrium in our balance of payments. There is talk of converting the International Monetary Fund (IMF) into a kind of World Central Bank, with international settlements made in units of an international reserve currency, rather than gold. The statistical guidelines for measuring the balance of payments may also be overhauled, since we strike our balance differently from other countries.

Latin America's Trade Bloc

The long-discussed common market in Central America is finally emerging. The CAEI—for Central American Economic Integration—encompasses Guatemala, El Salvador, Honduras, and Nicaragua. Panama and Costa Rica may join later under the CAEI treaty. This also provides that:

- By year-end 1965, a common market will be in full effect. The 20-year treaty can be extended indefinitely.
- Except for the special treatment of certain products, on which gradual adjustments will be made, commodities of local origin will be exempted from import and export duties. The emphasis is on natural products—since, under the established scheme of things, most manufactured products will not move freely within the custom zone until the sixth year.
- Creation of uniform duties on products from "outsiders" will be accelerated.
- An industrial integration plan covering new enterprises, both private and public, will be followed. The aim is to create a balanced regional economy.
- To expedite industrial integration, the Central American Bank for Economic Integration is now being formed with an initial capitalization of $25 million. ($10 million of this will be furnished by U.S. Government agencies.)

As common markets go, the new trade bloc seems tiny. The combined population of the four countries is slightly over 9 million and, together, they imported only $156 million worth of U.S. goods in the first eleven months of 1960, sold about $130 million here. But the CAEI is well worth cultivating for the long pull, both as an export market and as an investment potential for light industries.

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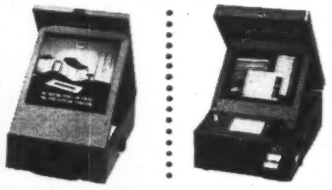

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Bruning's all-new Neoglide drafters literally help draftsmen straighten up and do faster, better work.* They provide complete maneuverability on any board at any angle without adjustment! Reinforced U-beam construction assures rigidity, strength, and accuracy. Resistance-free movement of vertical beam and hidden counterweight provide fast "floating" action. Touch-control protractor head gives automatic, pinpoint angle selection.

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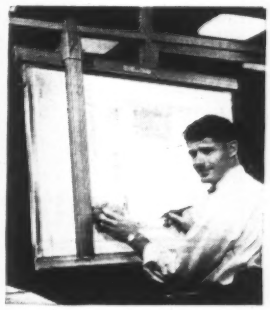

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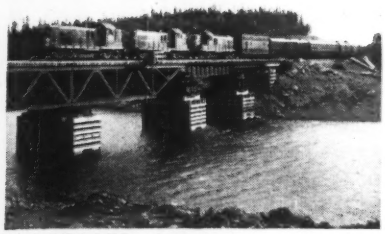
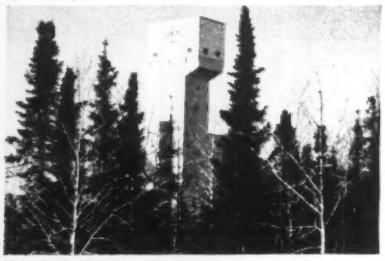


IN OCTOBER, 1957, the horn of the first diesel was heard at Thompson. It meant an increasing flow of supplies. A 30 mile spur had been completed to link the site with the Canadian National Railways.



IN 1958, THE HEADFRAME for the 2,100 foot production shaft towered above the surrounding forest. The way was now clear for the development of the new Thompson mine.

IN EARLY 1960, POWER for the integrated mining complex began to flow from the hydro-electric facility built for this purpose on the Nelson River, 53 miles to the northeast.

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The Thompson Project is another major step in Inco-Canada's continuing program to seek out and develop the nickel resources so important to free countries everywhere . . . and with economic progress, an increased need for nickel has been developed in many industries, many markets. For full details on this great nickel operation, write for the free booklet, "The Thompson Project." *©1961, INCO*

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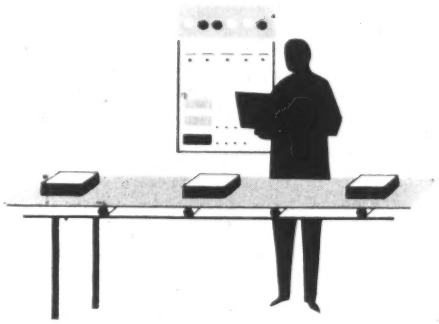

Inside Industry

- *Case study of an industrial counteroffensive—the gas industry's battle to regain lost markets.*
- *Research, new product development, intensive promotion give a mighty push to sales of gas appliances.*

AFTER YEARS of losing customers in droves to its chief rival, the electric power utilities, the $6 billion-a-year natural gas industry has launched a massive counterattack. The objective: a bigger share of the $17 billion business of supplying energy to homes, stores, and plants—a business which has been doubling in size every decade—even in the face of four post-war recessions. Chief weapon of the gasmen: development and heavy promotion of new devices that use up energy—lots of it.

Eighty years ago, when the energy business was a tiny fraction of what it is today, the gas suppliers were king. Then someone invented a cheap way of making electricity, and Edison and others worked out dozens of ways of turning electricity into comfort and ease. One popular new electrical product after another soon gave electricity the lead over gas. By the millions, American families traded in durable gas stoves and refrigerators for fancy electric models. Today electricity supplies nearly two-thirds of the market.

THE GAS INDUSTRY is paying for research on this fuel cell, which might some day light a home. Feeding it is chemical energy stored outside the cell.

Taking the offensive

Here's how the gas industry is planning to regain some of this lost ground:

- Gas refrigerators are making a comeback. Five years ago, when Servel stopped making them, it looked as if they would soon join the electric auto in oblivion. Today there are five companies producing them, well supported by gas industry promotion. (Gas utilities employ over 3,000 home economists to soft-sell gas appliances.)
- New features for the gas kitchen range, which long accounted for a major share of natural gas consumption, are bringing it abreast of the electric range in convenience and ease of control. The Jerome Murray Corp. is developing a system for automatic spark igniting of gas burners by means of a tiny piezoelectric cylinder that generates a pulse of electricity when it is squeezed by the mere motion of turning on the gas burner.
- Gas clothes dryers for homes are gaining fast on the electric version. When this appliance was first introduced, the electric dryer outsold the gas model four or five to one. Last year there were 442,000 gas dryers sold compared to 818,000 electric—less than a two-to-one lead.
- On the horizon are gas-heated coffee makers, frying pans, and rotary broilers. These would plug into a gas outlet in the kitchen wall the same way that their electric counterparts are plugged into an electric outlet.
- Particularly in the Southwest, where gas costs less than half as much as in the East, central air conditioning powered by gas is making tremendous strides. Nearly every large building put up in Houston, Dallas, and Fort Worth in the past ten years depends on gas-burning systems for cooling. The latest development in this area—central air conditioning for homes—is also coming up fast. In only a few years, 32,000 homes have been equipped with it.

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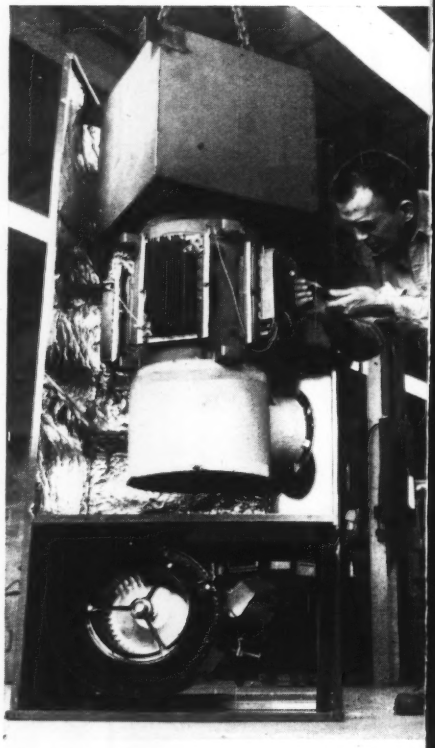

THERMOELECTRIC generators in this Olsen gas heater power the blower.

The gas industry is spending big money at Southwest Research Institute in San Antonio for improvements in gas-powered air conditioning.

• The gas industry has even promoted gas lighting—for backyards, streets, as emergency lighting in plants, and as runway lights for small airports. Gas lights are less efficient than electric, but they have one special virtue for certain outdoor applications—the heat they generate tends to dispel fog.

New source of power

But the gasmen's most imaginative tactic is their support of research into new ways of making electricity from gas. This is a move aimed right at the heart of the electric market. The gas industry has talked many businessmen in the Southwest into buying gas turbine-generator plants to make their own electricity for plants or big buildings. They've got one powerful argument: the electric utilities buy $500 million worth of natural gas every year to make electricity!

Now the gas producers are pushing a new way of making electricity cheaply—the fuel cell. At the Insti-

Not all Magliner Magnesium Dock Boards are 9½ years old. Some are even older, and thousands are newer. The old ones, you see, sell the new ones as more companies discover that *longer* quality and *longer* service life are built into every Magliner. They're man savers, time savers, *money-savers*, too! Send today for your copy of "Difficult Dock Problems"—the bulletin that helps you *spot and correct* high-cost dock loading problems.

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President, The Standard Oil Company (Ohio)

Charles Spahr tells why he feels Cleveland-Northeast Ohio is better than ever

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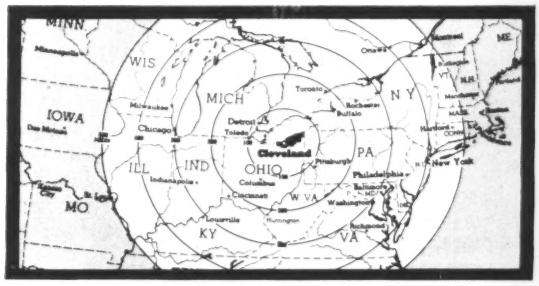

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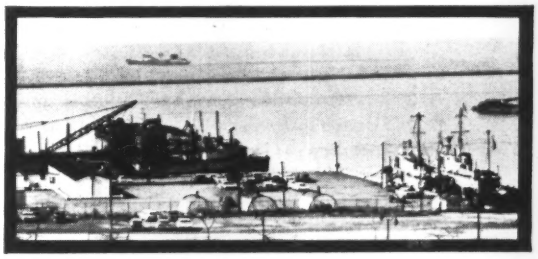

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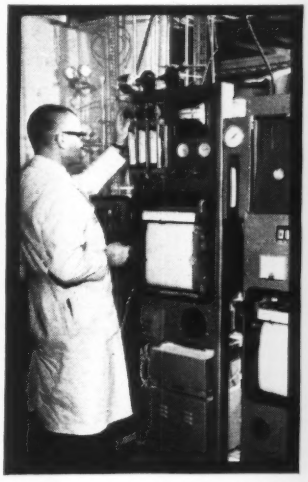

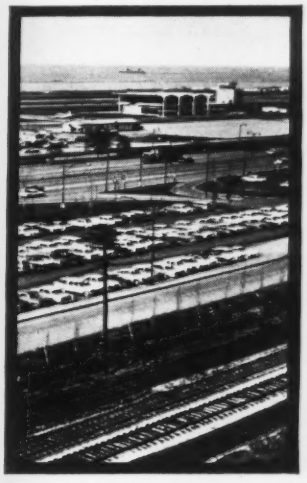

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tute of Gas Technology in Chicago (see photo), the industry as a whole is spending heavily on fuel cell development. At the same time, two oil companies that sell natural gas are working on fuel cells in their own labs.

Of all the exotic power sources tempting industry, the fuel cell seems the best bet for breaking through the dollar barrier in the foreseeable future. It offers unusually high efficiency, in the neighborhood of 80 per cent. And rival processes are burdened by a variety of serious handicaps. Solar energy can't be economically produced on a scale large enough for industrial use. Thermoelectric and thermionic devices are too inefficient for anything but low-power remote-control and similar special uses. And magnetohydrodynamics (MHD to its friends) presents nearly insuperable physical problems—it works best at temperatures that melt all but a few of the refractory metals.

The fuel cell resembles the common car battery—with one important difference. The chemical energy it runs on is stored outside the cell and fed into it. This means that theoretically a fuel cell can supply useful electricity indefinitely, as long as its fuel supply is kept replenished.

But the gas industry isn't neglecting thermoelectricity either. It is backing development of home gas heaters with built-in thermoelectric generators to drive the blower (see photo on page 76).

New frontiers for growth

The spectacular growth of the natural gas industry since the war has been largely based on improved distribution through giant pipelines and displacement of gas manufactured locally from coal. Today, over 97 per cent of the gas consumed in the U.S.A. is natural gas.

Now that its product is available practically everywhere in the nation, there are only two ways for the industry's growth to outstrip the population. One is exporting—some small efforts have already been made to ship methane in liquid form overseas by tanker. Far more promising is development and sale of new types of gas-consuming appliances and equipment. The natural gas industry knows that the stakes are high—and it is girding for a real effort to win.

—M.M.

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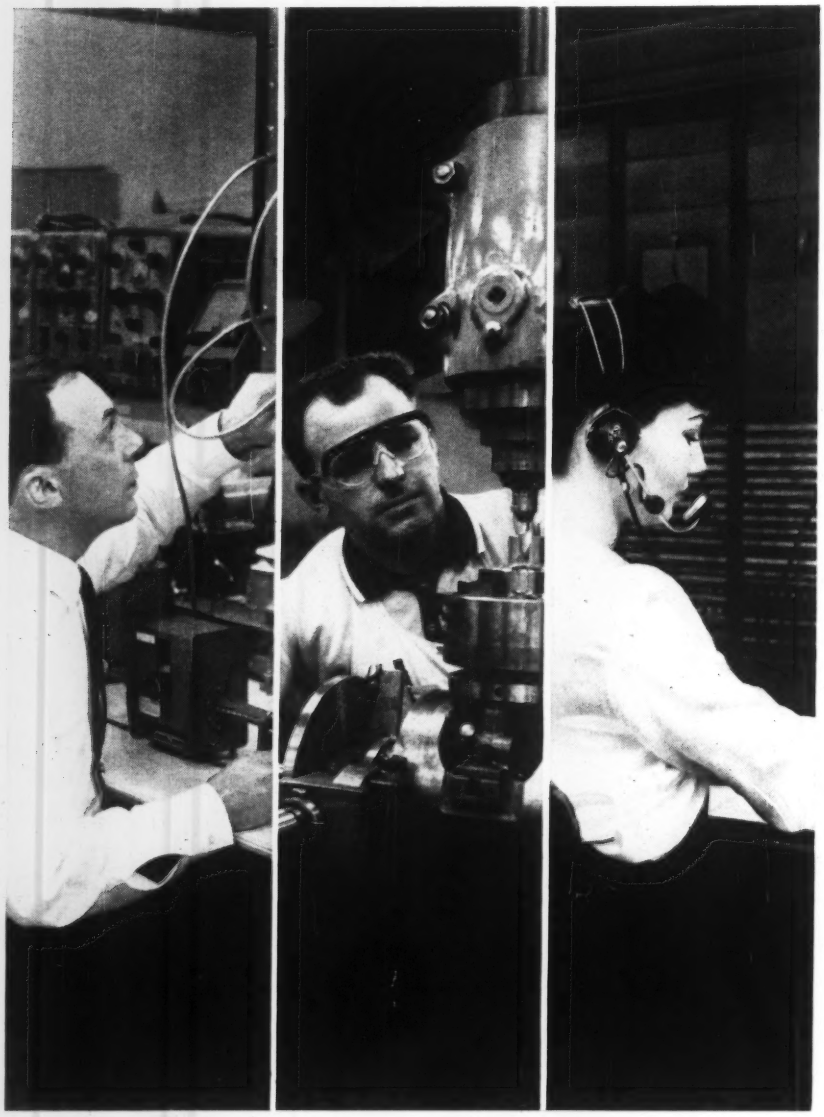

Western Electric

MANUFACTURING
AND SUPPLY UNIT
OF THE BELL SYSTEM

COMMON SENSE

Each of these people has a job in a different company with a different function. They have several things in common . . . One is a development engineer at Bell Telephone Laboratories. Another, a toolmaker for Western Electric. The third, an operator at a Bell telephone company.

They are motivated by a common sense of purpose: to deliver the best possible service — Bell telephone service — at the lowest possible cost. The efforts of all three — and many thousands like them — are combined to design, build, and operate this most versatile of the world's communications systems.

At Bell Laboratories the development engineer designs, for example, a new kind of electron tube for use in long-distance telephony. To make it in quantity — and at low cost and high quality — calls for new processes, new tools. It's Western Electric's job, as manufacturing unit of the Bell System, to develop these processes, provide these tools. To this job, the toolmaker above and all his co-workers at Western Electric bring the same sense of responsibility for good telephone service as do the development engineer in the laboratory and the operator at the switchboard.

Together, the men and women of these three Bell System units, linked by a common sense of purpose, form and serve a single communications system — the Bell Telephone System.

Managing Your Manpower

LAWRENCE STESSIN

- *Sometimes a help, often a thorn in management's side, the shop steward is coming in for fresh scrutiny.*
- *Workers have a way with words: they interpret them in ways the boss would never guess.*

PERRY MASON might be stumped by the "Case of the Wandering Steward," but it's no mystery to management. The 600,000 shop stewards in industry spend an average of 1 million hours a week away from their normal tasks listening to employees who feel they have been wronged.

In most unionized plants and offices, the shop steward, who doubles as a worker and labor representative, is paid by the company when he leaves his job to process a grievance. The cost is substantial. In lost productivity, the figure runs to $2.5 million a week.

The practice has a heritage going back to the early '30's, when Ford and GM set a pattern by agreeing to pick up the tab for work time shop stewards lost handling employee complaints. Management went along when the unions said swift settlement of rank-and-file beefs through the established grievance machinery helped keep things on an even keel. (Not all organized industries fell in step. In maritime, construction, leather, retail trade, and publishing, the unions still foot the bills.)

Whines, whimpers, and walkouts

What does the steward do? Recently a foreman at Republic Steel Corp.'s Gadsen plant told a worker to "speed up". The employee took offense at the remark and called his steward to complain. In the General Controls Co., Kingsford, Mich., an employee was denied a promotion because he failed a test. "Call my steward," he charged. "I want to file a grievance."

But not all the problems are so petty. When a group of employees at Continental Can Co.'s Tampa plant threatened to go out on a wildcat strike, management hustled the shop steward over to the tense area. He prevailed upon the men to let the grievance machinery settle their complaints.

The recession has stimulated management to tighten up on loose practices and the policy on grievance time for shop stewards and bargaining committees is receiving careful audit. Under scrutiny is not the processing of legitimate grievances but abuses of procedure. The most prevalent arises from the addiction some stewards have to wanderlust—leaving their jobs to roam around the department or the plant without cause.

Breaking them of the habit isn't easy. When the United States Ceramic Tile Co. decided to face up to this situation, it took some stiff negotiations at the bargaining table and a dose of discipline for an erring steward before the roving stopped. The company had had no previous control over the stewards' comings and goings. The men left their jobs at will. Finally, management negotiated a clause into its agreement which required union officials to request permission before going off on "union business." The clause came to the test a few weeks later, when one of the stewards asked his foreman for permission to leave his job.

"What for?" the foreman asked.

"I've got to look into a workman's compensation claim."

"Doesn't sound like a grievance to me. Do it on your lunch hour," the foreman replied.

When the steward took off anyway, he was given a ten-day disciplinary suspension. No trouble since.

The solution was not that simple when the Industrial Rayon Corp. recently decided to cut down on grievance time costs. For over 10 years, in line with general practice, management had paid union officials for grievance processing. But when the company embarked on a cost-cutting program, management called a meeting with the union and proferred two proposals. It wanted the union to help pay for the time loss on grievance cases which reach the second and third step. And it announced that it was setting up a system requiring union officers to keep records of their lost production time.

The union rejected management's new policy. It argued that paying for time lost had become "an established working condition." And, it added, requiring stewards to fill out forms would imply they were abusing their trust, a charge the union denied.

One up, one down

The parties got nowhere, and the issue was finally submitted to arbitrator Harry Dworkin. Said the referee: "The company has a right to require that the union keep records on grievance time." But International Rayon's long acquiescence in paying for time spent on grievances could not be unilaterally ignored. Dworkin implied that, instead, management should seek to change the payment rule when negotiating the next union agreement.

Another of management's cost-cutting objectives deals with the expense of union-employer meetings for discussing grievances which have not been settled at the lower levels. Are union officials entitled to overtime pay when they stay late to process a grievance?

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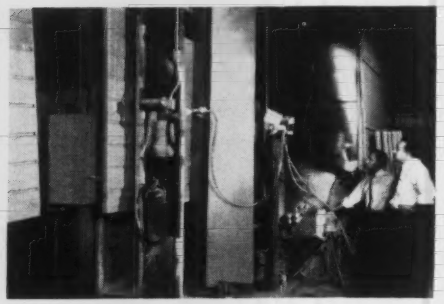

Mr. Briggs, left and Mr. Gering of Berry Door Corporation watch automatic spraying of steel garage doors.

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This is a direct report from Mr. C. T. Briggs, Chief Engineer, and Mr. L. N. Gering, Production Manager of the Berry Door Corporation, Birmingham, Michigan, world's largest manufacturer of metal garage doors.

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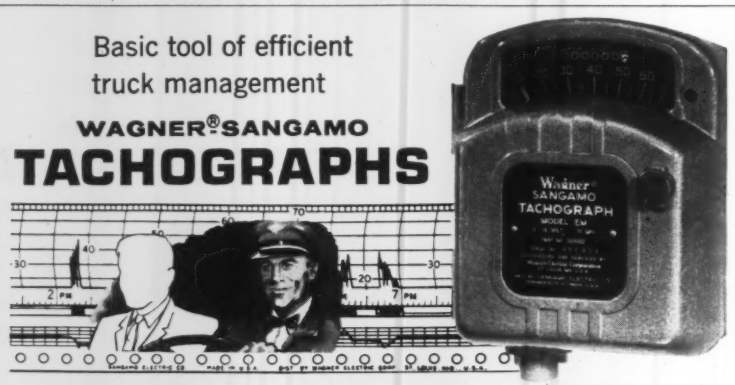

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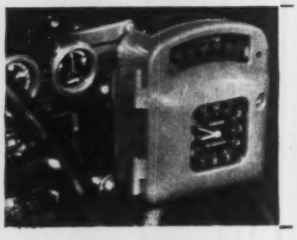

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WS61-3

Rockwell Manufacturing Corp., a union committee and members of the company's industrial relations department didn't finish up their agenda until midnight. The next week, the union committeemen put in for time-and-a-half for the hours between 4 and 12. The company balked at paying. It had agreed to pay for grievance time until closing, but not for the hours the union men spent after that.

The arbitrator's ruling? The company had to pay only for time lost from production. If union men decide to stay late on union business, the company has no obligation to ante up.

Pay for grievance time has become a major item on collective bargaining tables, and some companies have won concessions:

- Westinghouse Airbrake Co. has cut its commitment to pay for grievance time. It now picks up only half the tab for time union committeemen spend in grievance processing.
- Studebaker-Packard pays nothing to union men who represent employees in grievances. The contract requires the union to make up the difference to employees who lose time on union business.
- Torrington Co. pays for time only in the second and third step of the grievance procedure. The union pays when its representatives handle the initial stages of a complaint.
- Carbon Limestone Co. has agreed to pay for grievance time—but reserves the right to eliminate payments when, "in the opinion of the company, the time spent in the presentation of grievances is abused."
- At GE, pay to union stewards for grievance handling time is limited to two hours a week. Union officers are also required to obtain the foreman's permission to drop their work and investigate a complaint.
- Robbins & Meyers Inc. leaves itself a way out: Its contract now provides that payment for grievance time will be reviewed every three months as a check against abuses.

Magic Words

Words which have virtually the same meaning for management may trigger vastly different reactions in employees, says Opinion Research Corp.

"The term 'company' produced a more favorable reaction among workers than 'corporation.' Adjectives such as 'big,' 'selfish,' 'ruthless' were suggested by 'corporation,' while 'good,'

'successful,' 'necessary' were tied to 'company.'"

The word "strike" came off better than the phrase "work stoppage" in the ORC study. "Strike" implies a "necessary means to an end." "Work stoppage" conjures up words like "bad," "harmful," and "unfair."

The interviews may give management pause the next time it faces the budget for a program designed to explain our economic system. Such education programs have been in vogue in industry for over fifteen years. Yet, the ORC found that a majority of workers questioned did not grasp the meaning of such words as capitalism, dividends, productivity, socialism, depletion, and technology.

Votes Drop

A new set of statistics is disturbing union leaders. The Department of Labor has studied union organizing trends, and the results show that the number of workers voting in union elections is getting smaller. The annual average used to be 100. Now it is running at an all-time low—72 workers per election.

What does this mean? It will take more organizing to maintain—let alone increase—membership. And as the employee groups get smaller, more of them also turn down union representation. The unions are winning in only 58 per cent of the elections as compared with 75 per cent a decade ago.

The unions, however, are chalking up a higher victory rate in wholesale trade, retail trade, and services—fields which have become the key targets of union drives for the '60's. Meanwhile, unionization in the office has made small headway. A National Office Management Association survey indicates that the effort to organize the white-collar worker has made only a 3 per cent gain in the past ten years.

In Brief

Annual reports have become pretty flossy and workers are complaining of the cost. AT&T and Standard Oil, with lots of employee stockholders, saved money this year with inexpensive innovations. AT&T used address stickers on the reports instead of inserting booklets in envelopes. The saving in mailing costs: $21,000. Standard Oil (N.J.) piggybacked last year's proxies with its report, thus getting two mailings for the price of one. . . . New twist to the suggestion award: At Sonoco Products Co., Hartsville, S.C., employees who come up with cost-saving methods receive shares of company stock. The incentive proved far more effective than cash. Last year, worker ideas netted the company $130,000. Workers who are discharged for union activity can collect back pay from employers if the NLRB sustains the charge of "unfair labor practice." Last year, they collected some $1,263,132 by virtue of NLRB rulings—about $250,000 more than was paid out in 1959 . . . Moonlighting is legal in Russia. Soviet law permits all employees to hold two jobs, provided the original boss grants permission . . . Rest periods of 20 to 30 minutes a day are standard in industry today. A Department of Labor survey shows that 67 per cent of all companies have formal rest periods, and most have two a day—in both morning and afternoon. END

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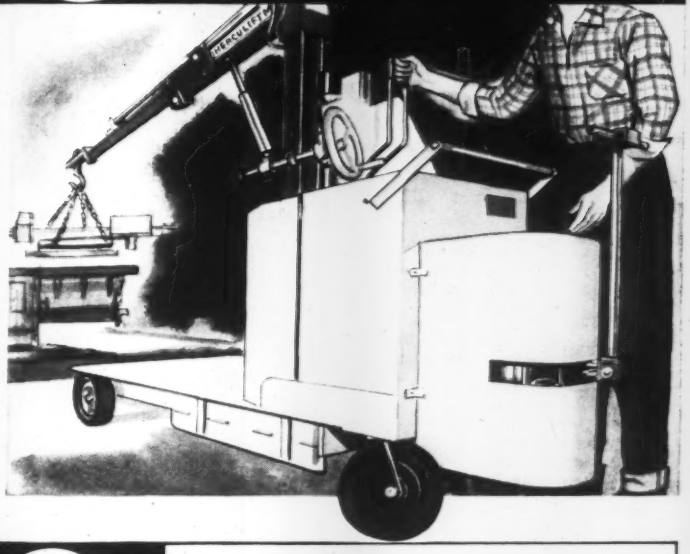

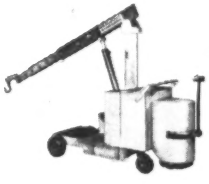

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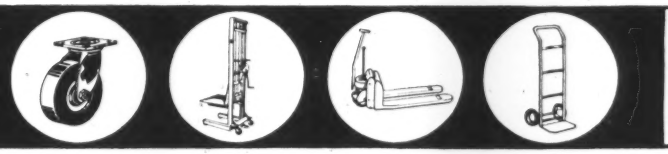

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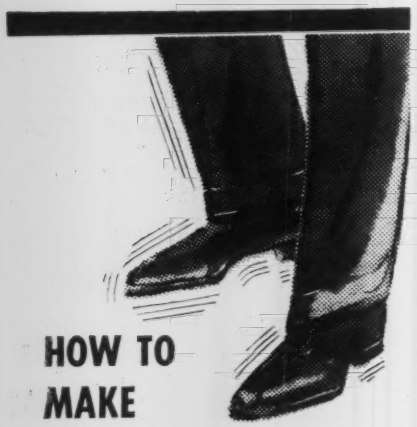

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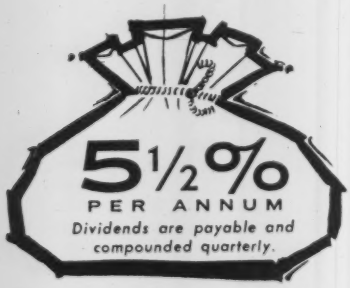

Saving at 1st Continental is a practical, easy way to keep your spare dollars GROWING instead of "marking time".

Practical because of liberal dividends. Easy because we are as near as the handiest mail box.

All of our mortgage investments are insured against loss of principal and interest to provide *basic* protection for savings invested in these insured mortgages.

INSURED — THIS INSTITUTION'S MORTGAGE INVESTMENTS ARE INSURED BY — ST. LAWRENCE PROTECTION FOR SAVINGS INSURANCE COMPANY

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Savings and Loan Association, Inc. 1st C,
5410 Wisconsin Ave.,
Chevy Chase 15, Md.

☐ Enclosed is $..... to open a savings account. Please send passbook by mail.
☐ Send information.

Name.....
Address.....
City..... Zone..... State.....

EXECUTIVE BOOKSHELF

Brief Reviews of New Business Books

The Lure of Gold

MEN, MONEY, AND MOTIVATION *by Arch Patton. McGraw-Hill Book Company, 330 West 42nd St., New York 36. 233 pages, $7.50.*

A thorough look at executive compensation and how it can be used to bring out the best in management. The author writes with both insight and the sure touch born of experience.

Joint Venture

MANAGING AMERICA'S ECONOMIC EXPLOSION. *Edited by Dan H. Fenn, Jr. McGraw-Hill Book Company, 330 West 42nd St., New York 36. 269 pages, $6.*

What happens when top businessmen join the professors in the groves of Academe? This record of the 30th Annual Harvard Business Conference indicates that you can expect fresh, practical ideas, centered in this instance on economic growth. Particularly valuable here are the wide-ranging discussions that follow each speech.

Room at the Top

ASSIGNMENT: MANAGEMENT *by James Menzies Black. Prentice-Hall, Inc., Englewood Cliffs, N.J. 234 pages, $5.95.*

Must reading for the men in management training, this lively "guide to executive command" could also jog lethargic higher-ups into new ways.

Tapping the Talent

OPTIMUM USE OF ENGINEERING TALENT. *American Management Association, 1515 Broadway, New York 36. 416 pages, $9.*

Thirty-one executives give forthright advice on finding, inspiring, compensating, training, evaluating, and getting along with the men in R&D. Case histories, outlines, and common-sense tips abound.

The Quest for Clarity

WRITING IN INDUSTRY *edited by Siegfried Mandel. Plenum Press, 227 West 17th St., New York 11. 121 pages, $2.75.*

Volume I in this series from the Polytechnic Institute of Brooklyn gives stronger tips on design than on literary style, but it's still a handy text for engineers. —P. H. D.

MOVE CARTONS, BOXES BALES OR BAGS... FAST, EASILY AT LOW COST

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- LIGHT WEIGHT—EASY TO MOVE
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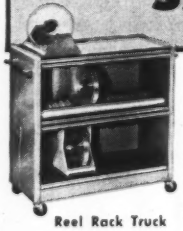
Reel Rack Truck

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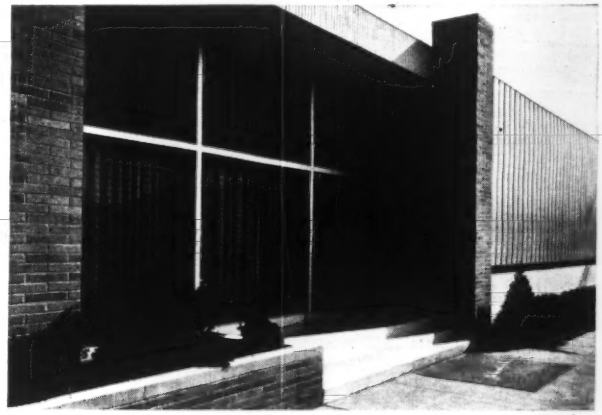
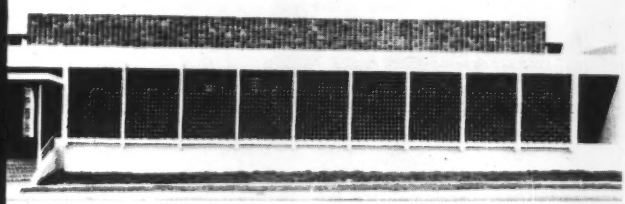
The New Face of Industry

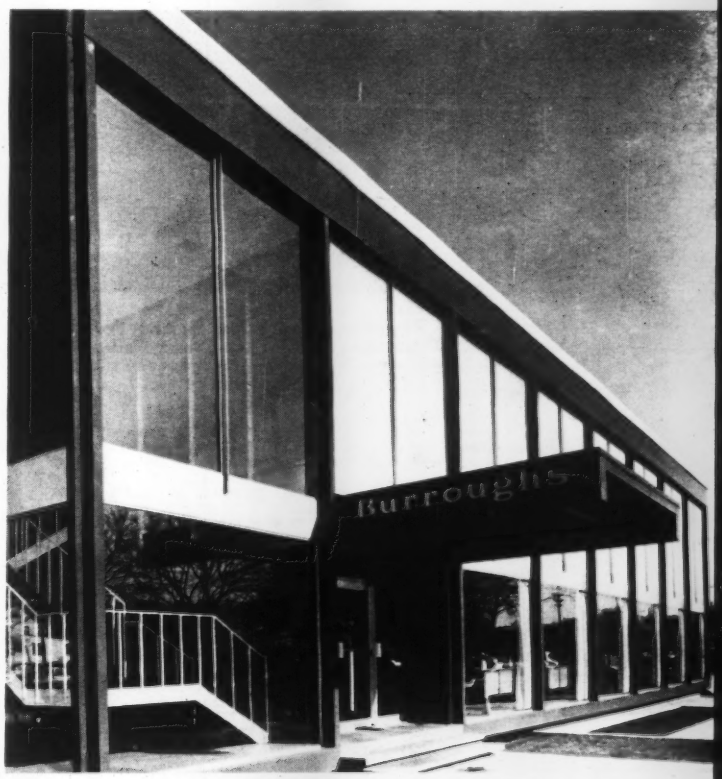
The corporate image, through an architect's eye, shows up clear, compelling, and handsome in contemporary plants. To attract good employees and impress customers and stockholders, business men today want building facades of skillfully executed flagstone, marble, mosaics, concrete filigree, huge sheets of glass, bright ceramics, woven, colored, and textured metals. With so many plants opening near suburban residential districts, it is practically mandatory to put up a good front. And if all the talk about saving blighted downtown areas leads to action, more companies will be dressing up buildings that have grown tawdry with age. —M.M.



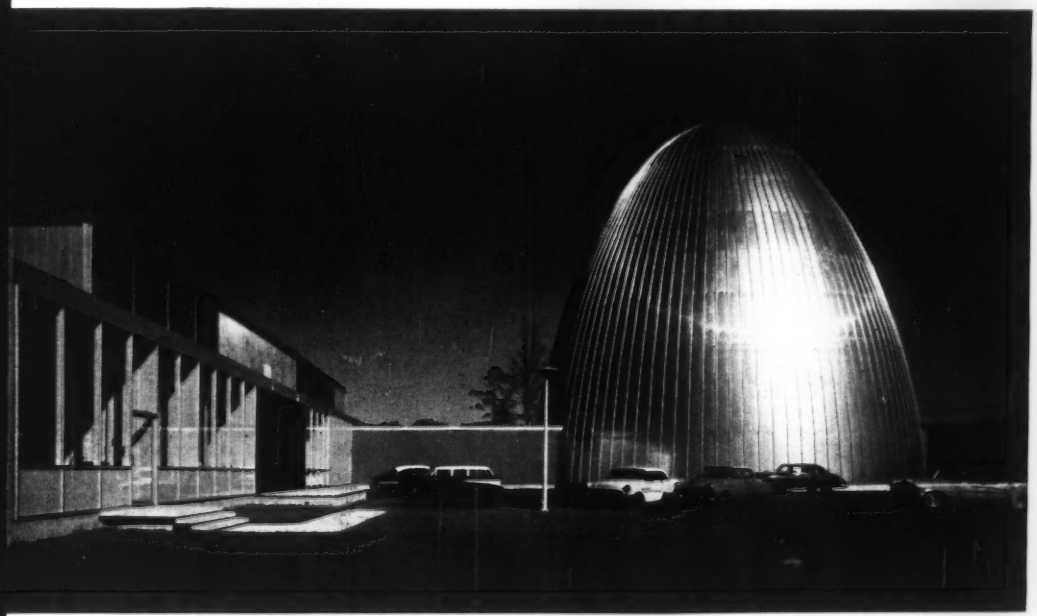
FIRST IMPRESSION: *Brick makes a comeback in the main entrance to a warehouse erected by Atlas Steel Products Company for Galsworthy, Inc., in Newark. The rest of the facade is made up of Fenestra galvanized steel panels.*



PIPE DREAM: *Short lengths of clay pipe mortared together make up the honeycomb on Pepsi-Cola's San Juan, Puerto Rico, plant. The 125,000 square-foot building cost $400,000.*



ALL GLASS: *The all-glass facade is one of the most popular new architectural features for office building and laboratories. This is the Eastern branch office of Burroughs Corp.*



INTEGRATION. *A striking stainless steel dome housing the company's reactor has been skillfully integrated with the main building of Industrial Research Laboratories, Inc., in Plainsboro, N.J.*

Rambler for '61...

American 4-door Super Sedan—For 1961 the Rambler American is more compact *outside*, yet has room for six average adults *inside*. A Rambler American Custom swept to first place over all other compacts in the 1960 Mobilgas Economy Run! Also available in 2-door sedan, 2-door business coupe, 2- and 4-door station wagons.

A FULL LINE OF FLEET PROVED COMPACT CARS FROM

RAMBLER

Rambler for 1961 offers three series of compact fleet cars —the world's widest choice of models—with a host of new man-saving, money-saving features including . . .

- New die-cast aluminum engine proved in two million rugged test miles for durability, performance and economy . . . standard on Classic Custom . . . optional extra on other Classic models.
- World's First! New Ceramic-Armored muffler or tailpipe will be repaired or replaced without charge by a Rambler dealer, if it is defective in materials or workmanship, for life of car while original buyer owns it.
- New molded fiber-glass ceiling that cuts road noise 30% . . . increases headroom . . . featured on all Classic and Ambassador models.

Recent fleet surveys prove Rambler maintenance costs are lowest of all cars, Rambler resale value is tops. See how much more money you save with Rambler—America's Economy King!

American Motors Fleet Department will coordinate purchases for fleet users throughout the country—with or without trade.

No obligation! Demonstrators available for "on-the-job" test!

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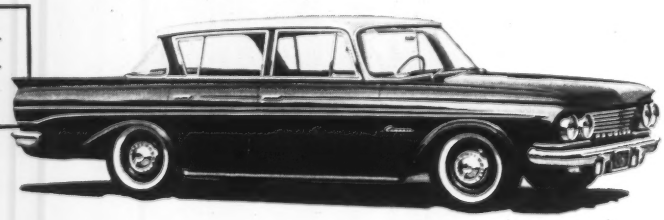
or write or wire

FLEET SALES DEPARTMENT—DEPT. E-5

AMERICAN MOTORS CORPORATION

14250 Plymouth Road, Detroit 32, Michigan

Rambler Classic 4-door Super Station Wagon—Here's 80 cubic feet of cargo room for tools, samples, display material, light machinery. Choose from two 6's or high-performing V-8. Initial price may be actually less than competitive *sedans* you are now using. Choice of heavy duty equipment.



Rambler Classic Super 4-door Sedan—Fast becoming America's most popular fleet sedan. If your company leases fleet units, ask your leasing company for low Rambler rates or write us for the names of leasing companies with whom we have working arrangements.

Ideas at Work

- *Economic workshops for local leaders win public support in labor disputes.*
- *Brainstorms & business tips flow in round-the-clock over 24-hour open line.*

Classwork for Critics

In any labor-management dispute there are thousands of silent partners. And whether they line up behind the company or the union may determine how sweet or how bitter are the fruits of victory.

Who are they? The men and women unconnected with the company on either side who read about the dispute, hear the rumors, form an opinion. Without their support, a triumph can easily turn hollow for the winner.

This fact was brought dramatically home to the Lone Star Steel Co. of Dallas, when a wildcat strike was instigated by 3 per cent of the workforce in one of its Texas plants. The men who walked out were dissatisfied with working conditions but had never approached management with their complaints. Nevertheless, the strike spread rapidly through the plant.

Public opinion in the community ignited—against the company. And to Lone Star's dismay, many clergymen in twenty towns around the plant threw their support to the strikers.

Most of the sermons, the company felt, were based not on issues but on automatic sympathy for the "underdog"—a feeling that a big company—the first large industry in that particular area—was pitting its all against the little working man. There was no denying the explosive impact of the sermons on the community, however. Clergymen who refused to preach on the strike found their services boycotted by strikers. Employees loyal to the company refused to worship where preachers had denounced Lone Star. Community ties became strained and tempers flared.

When the dispute was finally settled, Lone Star was left with a shattered public image, and a realization that the company's point of view had never had a chance.

Lone Star felt strongly that its actions had been justified and that reasonable men would have given the company a hearing if they had known the facts. Many of the local clergymen confessed they knew little about business and industry. Yet when the company proposed setting up an economic workshop for them, some expressed fear of "being taken."

Lone Star, however, set it as a basic principle that the course would be totally impartial, with no attempt to whitewash management or denigrate labor. Dr. Olin Davis, director of

Community Relations Booster

To personalize its role in community affairs, a "Safety Brigade" for small fry living around Suffolk County, New York, has been organized by the Eastern National Bank of Long Island. Members enroll at any bank branch or through the mail, solemnly pledging to obey a set of health and safety rules. Each youngster receives an insignia, a leather-cased membership card—and an Eastern National bankbook, with the words "Safety Brigade" specially embossed.

Children needn't use the bankbook to become SB members, says Eastern National. But the bank admits the passbook gives youngsters "an incentive" to make deposits and build a savings account. "We believe," says William J. Boyle, Eastern National president, "that this program will help emphasize the important part that our bank is playing in community life." (Above, Vice-President Carl B. Lundquist offers credentials to first brigade members.)

Reduce your Product Development Work-load — get Speedier Production!

Maysteel

Designs, Fabricates and Assembles Complete Products in

SHEET METAL

• You will benefit in cost and time with Maysteel's Complete Manufacturing Services—if your product is in sheet metal, steel, stainless, magnesium or aluminum. These services include creative designing, skilled engineering, proud craftsmanship, money-saving tooling, outstanding durability and beauty of finish. Maysteel Service will reduce your work load and increase your profits. For full appreciation of Maysteel abilities, just send us a rough idea, a blueprint or a sample for quotation.

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Launderamas

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LAUNDRY STORES

Several thousand businessmen, from all walks of life, have invested in Launderamas during the last two years. All of them have increased their incomes substantially—some by as much as 70%.

Launderamas quickly win community acceptance and are conducive to chain operation. Operating costs are extremely low and free of franchise fees.

When you invest in Launderamas you enjoy built-in security because they are competition-proof. Their custom-designed equipment can handle more than twice the amount of clothes as the average commercial washers and at half the maintenance and utility costs—enabling you to offer your patrons from 40% to 60% savings on all their laundry needs. And this outstanding 20 lb. multi-loader is available at the lowest financing terms in the industry—10% down with the balance financed at 6% over three years.

The nation-wide Zeolux organization, a pioneer in this success-proven field, is ready to offer you assistance in planning, establishing and financing your own coin-operated laundry store business.

For complete information and name of nearest distributor, call or write:

ZEOLUX CORP.

261 Madison Avenue
New York 16, New York
YUkon 6-9740
Dept. D

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Economic Education Projects at Purdue University, drafted the program and lecturers included Dr. William Haber of the University of Michigan, Father William Hogan of Fordham, and Dr. John Hicks of Purdue.

Reassured, clergymen from 20 towns attended the informal week-long course. Cost of the program, including expenses of both educators and clergy: $5,000. And, reports Lone Star Vice-President L. D. Webster, "Numerous letters from clergymen show the goodwill it inspired."

The happy ending: When another strike threatened, the company was able to get a hearing before things got out of hand and no walkout occurred. Similar Lone Star workshops have also been established for teachers, bankers, and local business leaders.

After-Hours Loyalty

Not every worker packs away his feeling of association with the company when he clocks out. Many remain eager corporate boosters during their off hours—extolling product lines to friends, passing the word among neighbors, quietly noting gripes dropped in casual conversation by disgruntled customers.

Aware that such employees represent a gold mine of untapped business potential, the Cleveland Electric Illuminating Company set up two 24-hour telephones at its headquarters. Now, the employee can pick up his home phone any time day or night, Saturday, Sunday, or holiday, and tip the company off about a burned-out street light or a neighbor's casual request for cost estimates for rewiring, offer a suggestion that a maintenance crew inspect defective company property, or report a potential hazard.

The program is handled by the company's Operations Improvement Committee, which runs the suggestion system, and administrative costs are negligible. Unlike the suggestion system, however, the program is not concerned with long-range policy changes or cost-cutting. Its aim: To catch the fleeting idea, the timely business tip,

Numbers in 3-D

A graph tells its story at a glance. But when you have several graphs, each telling a different story, and you must relate one to another, following the plots in a Russian novel seems simple by comparison.

Automatic Electric Co. of Northlake, Ill. ran into difficulties of this sort when it charted data to uncover production bottlenecks. It was necessary to flip from graph to graph to establish work-flow correlations, and in the multitude of crossed lines, transparent chart overlays proved too confusing.

On the suggestion of two employees, the company finally "set" its graphs in silhouette form, arranged in slots on a wooden block. Each unit stands out, and charts can be shuffled as needed to establish necessary relationships. (Above, Philip A. Link, production control manager (left), and William A. Depner, switchgear control supervisor, pore over data plotted on the inexpensive system they devised.)

WALLET CARDS give extensions to use for calling in after-hours reports.

where "striking while the iron is hot" makes all the difference.

To publicize its program, Cleveland Electric passed out wallet-sized cards (see photo) to all its employees, bearing the night numbers. All superiors also discussed the program with subordinates, and the company's house organ did a cover story to publicize it thoroughly.

Result: In the first two months, company night lines hummed with 350 employee calls. The current plan, says Cleveland Electric, calls for indefinite continuation of the project.

Badge of Profit

A profitable idea doesn't have to be an expensive one—and some ideas that offer handsome payoffs may cost virtually nothing at all. A case in point is that of Snap-on Tools Corp. of Kenosha, Wis., manufacturers of automatic test equipment and repair tools.

The company decided some simple do-it-yourself advertising by its distributors, pitched in a low key, could do no harm.

On this theory, each month, Snap-on's house magazine, which is received by all distributors, prints a cut-out ad that they can pin to their shirts with a plastic lapel pin. The ad varies from issue to issue, pointing out, for the benefit of customers, a "special" currently being featured. A typical lapel ad: "Ask about our WBK-2 Wheel Balancer."

Total cost to Snap-on for the program is 8 cents per plastic badge. These are sent out only occasionally, on the theory that distributors hold on to them for a while.

Effect of the program is hard to measure, because its distributors are franchised, virtually independent businessmen. But whatever feedback there is has been favorable, and Snap-on is satisfied. —J.J.F.

Your postmaster suggests:

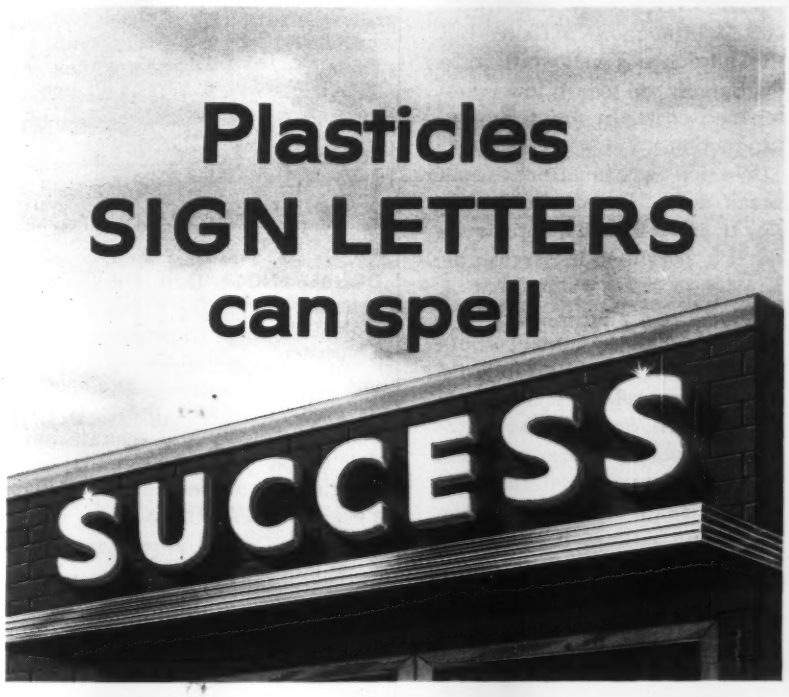
For faster and more efficient postal service, learn the "ABC's" of good mailing habits.

A Postal delivery zone number helps speed your mail.

B Certain to include your return address on all letters and packages.

C That the delivery address is correct and complete.

MAIL EARLY IN THE DAY—IT'S THE BETTER WAY!



The sign on your building front is one of your most important business assets. It tells people many things about your company, your products, your services. It is your *business card* to potential customers!

No matter what you make or sell, Plasticles Sign Letters provide distinctive, personalized identification that will be looked up to and remembered. They beautify your building . . . add prestige to your business . . . give you the *successful* business look.

Made of durable acrylic plastic for lasting beauty, Plasticles Sign Letters will not fade, chip or crack. Available in a wide variety of styles, colors and sizes.

SEND TODAY FOR ILLUSTRATED BULLETIN

Find out how you can identify your business with Plasticles Sign Letters. Get complete information on "what to look for when buying sign letters."

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ADDRESS.....

CITY.....ZONE.....STATE.....

"WE BOUGHT IT FOR A SONG"

How often have you heard this boast?

Yet when the song is over, too often the bargain lingers on to haunt the buyer.

The point we're making is this. RAYMOND narrow aisle trucks cost a little more initially. But the difference is well worth it. In continuous service. In low maintenance costs. In uninterrupted production.

We don't say our trucks won't break down. Occasionally, they do. If and when it happens we have a nation-wide service organization ready to fix them up — quick!

RAYMOND equipment is built to the highest quality standards. We have complete confidence in our products. So much so that we unconditionally guarantee them against defects in materials and workmanship. Should something go wrong with a RAYMOND truck (and the fault is ours), we'll pay for the parts and labor to repair it.

Think about this next time you're tempted to buy narrow aisle electric trucks or hand pallet trucks at "bargain" prices. Meantime, we'll be happy to send you our newest catalog (just released), illustrating the complete RAYMOND line of quality equipment. No obligation involved. Just drop us a note on your letterhead.

RAYMOND

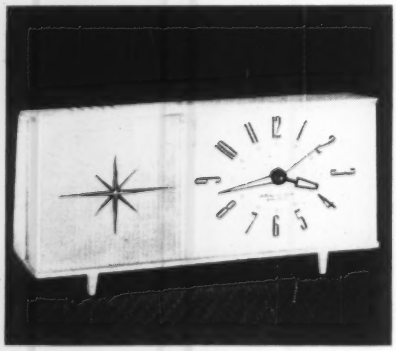
Originator and World's Largest Builder of Narrow Aisle Trucks

The RAYMOND CORPORATION
4636 Madison St., Greene, N.Y.

New Product Parade

▲

DOUBLE-ENDER: Designed for simplified twin-engine flight, this new businessman's plane has engines centered forward and behind the cabin. Should one fail, no adjustments are necessary to maintain center thrust, and the plane reportedly will operate on either engine with a substantial safety margin. *"Skymaster," Cessna Aircraft Co., Wichita, Kans.*



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RIGHT SIDE OF BED: This new alarm clock is said to wake the soundest sleeper gently, help start his day pleasantly. When the set time arrives, a 15-watt bulb flashes persistently, does its job without rousing the rest of the household. $11.95. *"Moonbeam Silent Alarm," Westclox Division, General Time Corp., LaSalle, Ill.*

COMPACT CALCULATOR: Totals to 15 digits may be figured on this pocket-size calculator. Color-coding simplifies use, and the mechanism is designed for high-speed operation. Short-cut techniques can be used for basic arithmetic, as well as for multiple operations such as trigonometric functions. *"Type 2," The Curta Co., 14435 Cohasset St., Van Nuys, Calif.*

▼

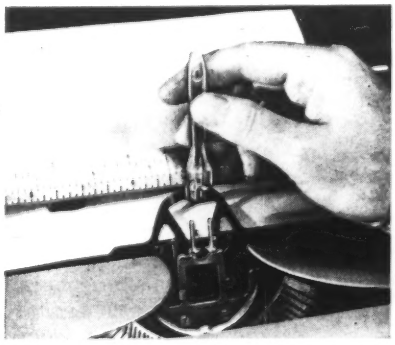
PHONE WITH A MEMORY: Attached to your present phone, this new dialer will automatically connect you with up to 290 pre-selected numbers. The user picks the proper name, presses a dialing bar. The attachment does the rest. Changes are simply dialed on to a magnetic tape memory. *"Rapidial," Thomas A. Edison Industries, McGraw Edison Co., West Orange, N.J.*

▼

THIS MONTH: *New coating materials; safer transportation; faster communications.*

▲

PLASTIC PLYWOOD: A new plastic laminate has been developed to protect plywood finishes permanently. Bonded by roll-laminating, the plastic film never needs waxing, resists stains. The abrasive-resistant laminate is suitable for paneling and furniture in both office and home. *"Permagard," United States Plywood Corp., 55 West 44th St., New York 36.*



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TECHNICAL TYPING: Odd type faces can be inserted on standard typewritten pages with these new special-character keys. Used on any typewriter, the keys are put in an adapter one at a time as needed. Typing time is said to be 4 seconds a character. *"Typit," Mechanical Enterprises, Inc., 3158 Jefferson Davis Highway, Arlington, Va.*

insure this much

$110,000

or this much

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This totally new combination of safety, convenience and high earnings (4½% current minimum annual rate) is now possible because 11 California savings and loan associations have joined together as Financial Federation, Inc. ⌑ You mail funds directly to Financial Federation for placing with one or more of its insured members listed below. ⌑ Up to $10,000 is insured with each association by the Federal Savings and Loan Insurance Corp., permitting as much as $110,000 to be insured under one account name. ⌑ Make checks payable to Financial Federation, Inc. OR to individual asociations in amounts you wish.

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If you practice

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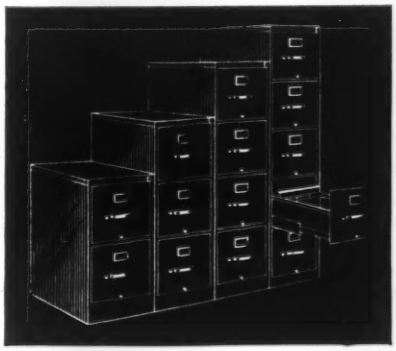
H-O-N CAN HELP YOU COME OUT ALL RIGHT . . .



H-O-N Files ride on quiet, smooth nylon rollers. Thousands of users like the hushed easy action. In fact, H-O-N files are standardized equipment among large firms. They acclaim H-O-N a fine value at moderate cost.

BUDGETRY is the practice of wisely correlating spending to a budget limit. Often times this is quite a trick. How to get price without sacrificing quality is the problem.

H-O-N shipments, month after month, demonstrate that business is outfitting offices with the dependable quality and good appearance of H-O-N furniture and equipment. The reason, we believe, is that H-O-N is compatible with the trend in today's purchasing practices.

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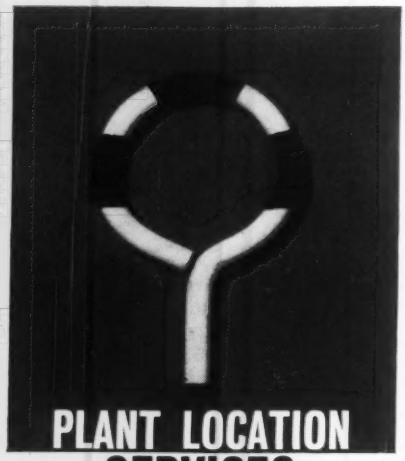
NEW BOOK:
HOW TO USE ADVERTISING SPECIALTIES EFFECTIVELY!

Here it is, and yours for the asking! A complete review of how, where and when to use advertising specialties to increase your business. Never before has such a book been offered . . .and it's yours free with no obligation. Covers such points as how to get new customers, how to increase business from old ones, how to reactivate inactive accounts, public relations building, budgeting, case history, etc. If you questioned the value of your present advertising, don't miss this opportunity to obtain this valuable book free! Write today on your business letterhead.

HERITAGE MFG. CO.
303 HERITAGE BLDG. DEPT. 224 FORT WORTH, TEX.



PLANT LOCATION SERVICES

Northern's location staff analyzes all important factors—sites, sources of supply, markets, power and fuel, financing sources, community environment—all tailored to your needs. For these free services to help you select the most profitable location:

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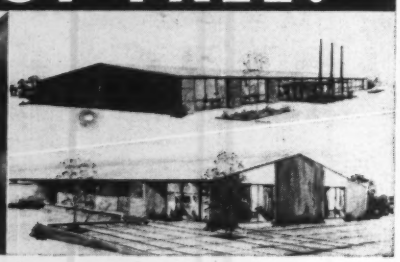

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continued from page 91

FOAM-IT-YOURSELF: Anyone can form his own plastic foam with this new kit. When the contents of two containers are combined, the mixture rises to about 30 times its original mass. It will conform to molds of any shape, can be used as an insulating material. One kit will produce about one cubic foot of foam, enough for 60 pounds of flotation. *"Plasti-Foam," Polystructures, Inc., 41 Montvale Ave., Stoneham, Mass.*

CONVERTIBLE CLIMB: This compact, folding magnesium ladder is adaptable to many purposes. It folds into two-foot sections, can be locked into different positions for use as a straight ladder, step ladder, scaffold, boat

dock, car-top rack, saw horse, or equipment stand. Eight-foot ladder, $39.95; two-foot extensions, $9.95. *"Convertible Ladder," Norseman, Inc., 2916 4th Ave. S., Minneapolis 8.*

RUB-LESS RUBBER: A new frictionless rubber is expected to open the door to new designs in rubber products. It retains its elasticity, can be used to seal parts subject to movement with minimum wear on the rubber. Possible uses include seals for windows and doors, wheel bearings, power tools. *Quantum, Inc., Lufbery Ave., Wallingford, Conn.*

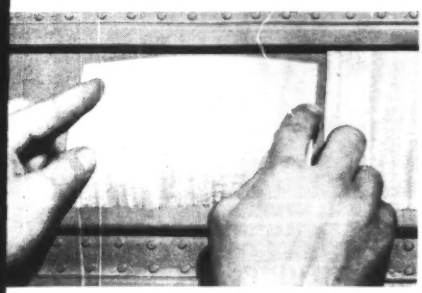
3-D TV: A new optical system permits three-dimensional viewing on any closed-circuit television screen. The

system consists of adapters for camera and receiver, and stereo glasses for the viewer. Without glasses, viewers see a normal two-dimensional picture. Applications include observation of dangerous materials handling, surgical operations, plant and lab techniques. *"Stereotronics System," Stereotronics Corp., 1717 N. Highland Ave., Los Angeles 28.*

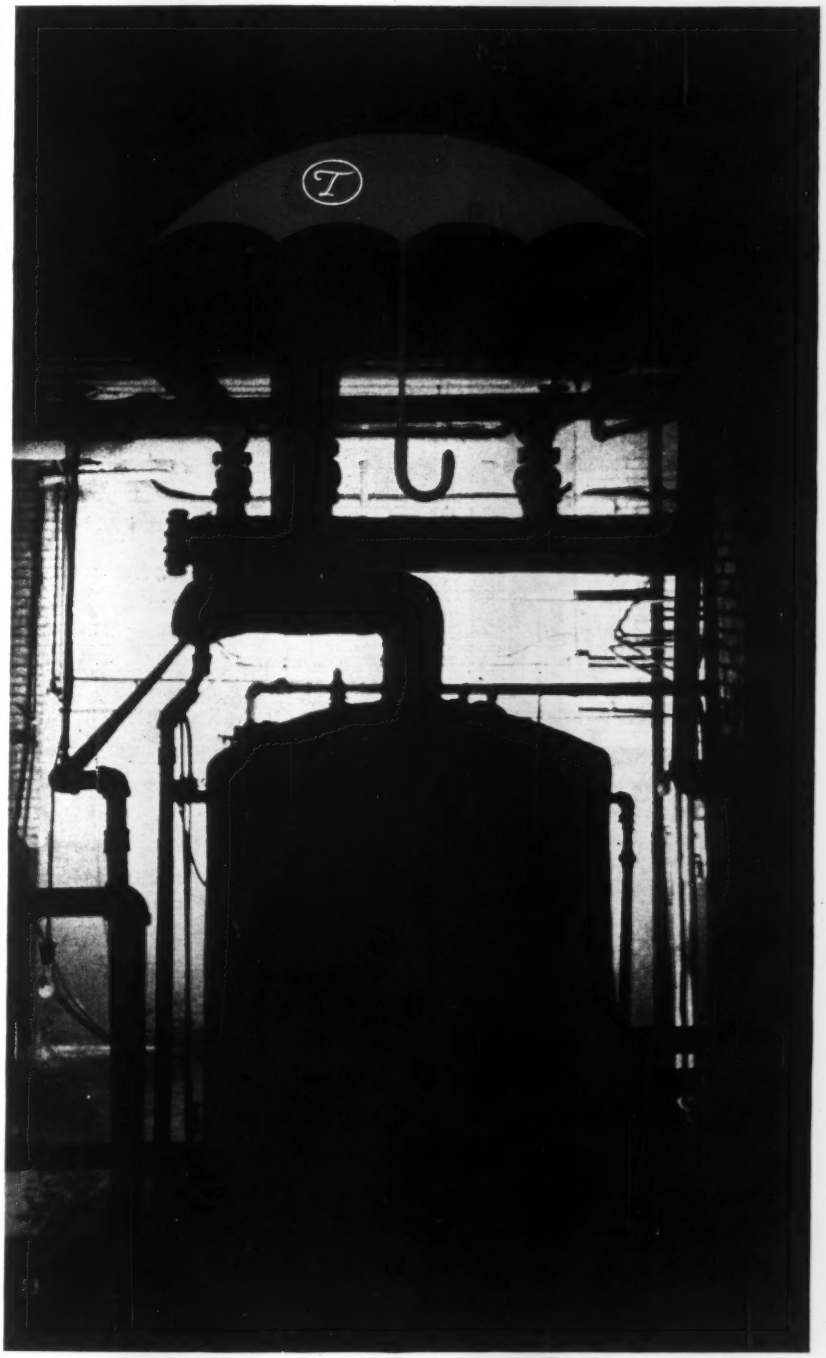
BRIGHT LIGHT: A brilliant new fluorescent light source is useful in emergencies on the road as well as in buildings, serves anywhere standard outlets are not available (work sites, hunting, boating). The 18-inch portable fixture plugs into auto cigarette lighters or connects directly to 6- or 12-volt batteries. $14.95. *Edmund Scientific Co., Barrington, N.J.*

WATERPROOF PLASTER: A new epoxy resin compound serves as permanent waterproofing for most masonry structures. Suitable for coating industrial tanks, the liquid compound will also protect swimming pools, exterior masonry, showers, basement walls. *"Epo Liquid Plaster," George E. Fines, Inc., 18640 Wyoming Ave., Detroit 21.*

TAPING OUT VIBRATION: Vibration and noise can now be reduced with a new pressure-sensitive damping tape. Composed of polyurethane foam sandwiched between backing and adhesive, the tape sticks permanently to irregular surfaces. It is expected to be



useful as a damper on such items as typewriters, desks, doors, autos, washers, TV sets. Available in 6-inch widths, $1.55 a square foot. *"Scotchfoam," Minnesota Mining & Manufacturing Co., 900 Bush Ave., St. Paul 6, Minn.*



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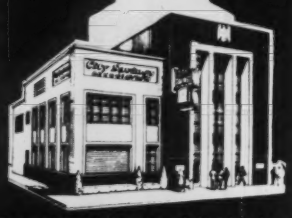

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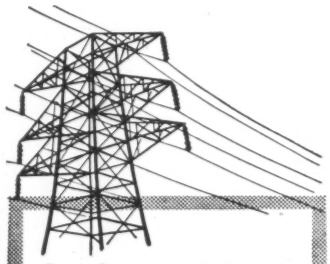
CORDLESS POWER: This new electric drill runs on rechargeable power cells, will work anywhere, independent of conventional power sources. A single overnight charge provides enough energy to drill about 75 holes in wood, and the replaceable cells can be re-

charged 400 times in standard outlets. The totally enclosed motor is said to run quietly, is shockproof, and will not burn out. *"Cordless Drill," Black & Decker Manufacturing Co., Towson 4, Md.*

CLEAN SWEEP: As pedestrians cross this building entrance mat, brushes rise through the grill to sweep shoe soles clean. The dirt drops into a catch-pan, or may be fed directly to

a waste system. The automatic device reportedly will save up to 40% on floor maintenance costs. *"Miracle Mat," Progressive Engineering Co., Holland, Mich.*



Southern California Edison Company

DIVIDENDS
The Board of Directors has authorized the payment of the following quarterly dividends:

CUMULATIVE PREFERRED STOCK:

4.08% SERIES
Dividend No. 45
25½ cents per share;

4.24% SERIES
Dividend No. 22
26½ cents per share;

4.78% SERIES
Dividend No. 14
29⅞ cents per share;

4.88% SERIES
Dividend No. 54
30½ cents per share.

The above dividends are payable May 31, 1961, to stockholders of record May 5. *Checks will be mailed from the Company's office in Los Angeles, May 31.*

P. C. HALE, *Treasurer*

April 20, 1961

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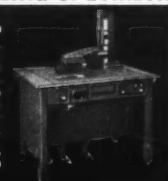

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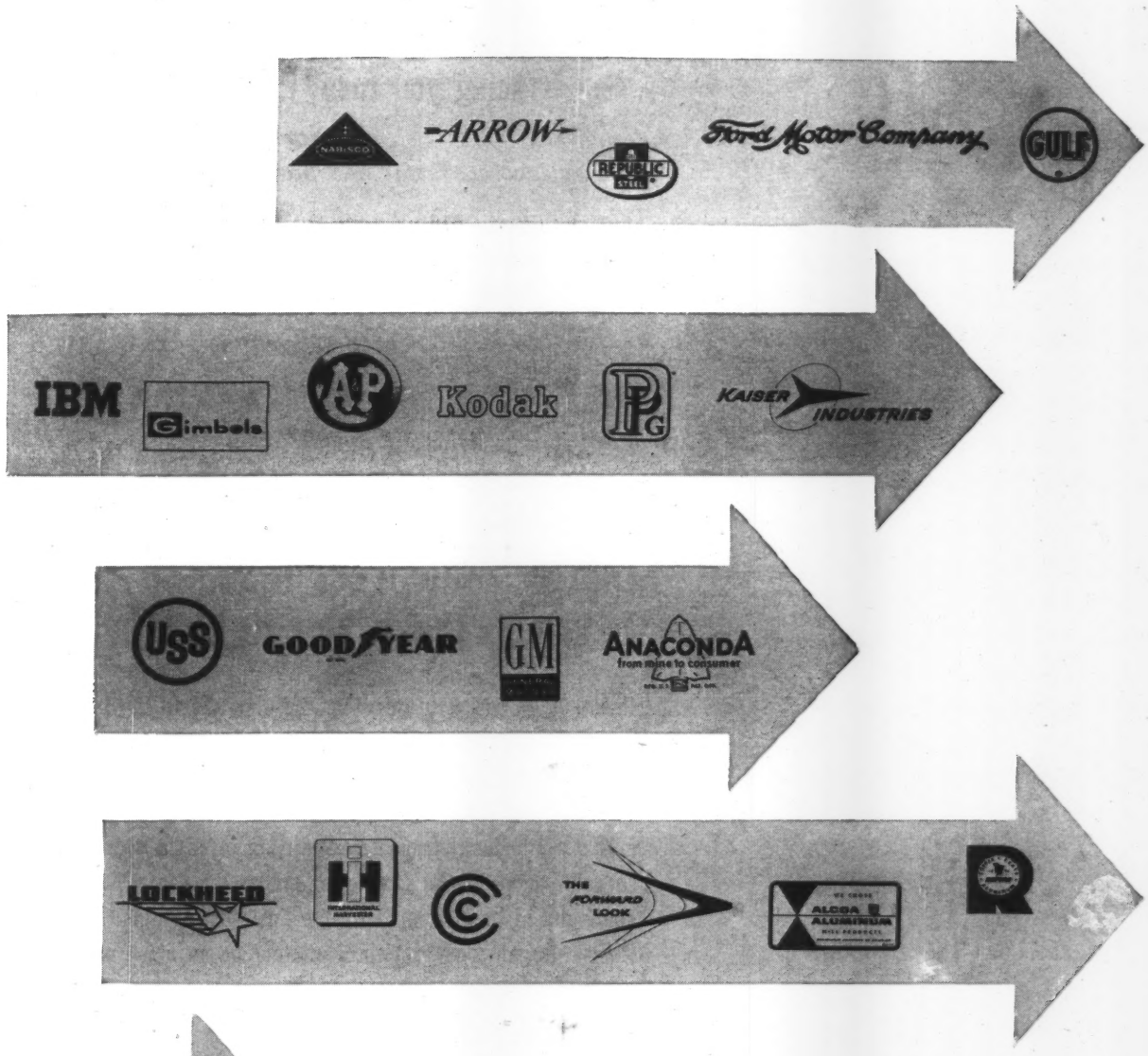

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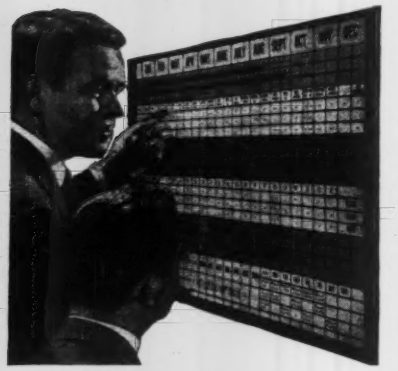

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The Reviewing Stand

Wonders and Dangers

Capt. Kittinger, the balloonist who dropped 20 miles from the rim of gravity to the earth, said, "There's a hostile sky above me, void and black."

The negative, unfriendly atmosphere of the void is symptomatic of our period in history, a time when supreme achievement is offset by a feeling of frustration in man's relationship to man. Here we are at the rim of space, the witnesses of man's first cosmic adventure—one with consequences which will affect every tradition of civilized society. Are we unduly disturbed by what we don't know, or by what we may learn, or by how it will upset our business life?

We are living in a fantastic era, full of wonders and dangers. Yet the greater our enterprise, the more significant becomes the role of trade. Despite the complexity of society, if men can trade goods and services, along with ideas and good will, there is always hope.

Every once in a while we have to go back to the spirit of barter to determine real values. Every once in a while we have to read history to learn that anxiety is a constant ingredient in human affairs, and a necessary spice in creating a better understanding among people. The sky is a myth and so is the hostility which curves around it. Fear of the unknown is always overcome by curiosity about things we don't know. There is a rim to space, perhaps, but never to the mind of man.

The Reason Why

Change is painful, expensive, and inevitable. It is the seed of progress, but it recognizes no growing season and responds to no easy formula of cultivation. The seeds of change in any community are never the seeds of chance. Every seed is planted by a circumstance, although the period of germination varies.

There is a reason why towns rot at the crossroads and trade takes root in the suburbs. There is a reason why flourishing markets fade, though to the distributor of goods, the whim of the consumer seems to defy all understanding.

Back of every change is cause and effect. An obvious example is the "compact" car which the public couldn't get when the automotive industry slanted its own consumer research with assumptions. Another is the profit squeeze caused by low productivity and unrealistic depreciation allowances, which hit the wage earner first and tax return second—to the shock of certain anti-business legislators.

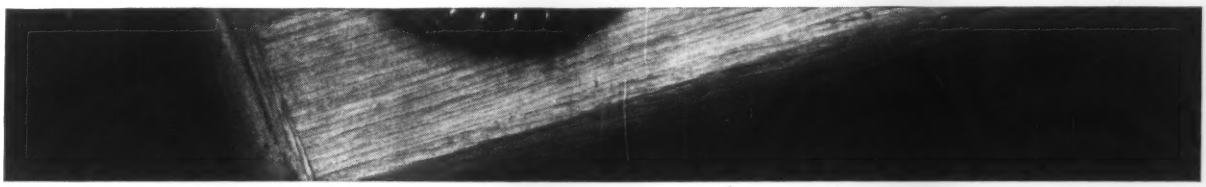
We ought to be thankful for the tyranny of change, but the whip would be less painful if we looked ahead, instead of ignoring the obvious portents of things to come.

Divers Tongues

When English isn't spoken, most American businessmen overseas are at a competitive disadvantage. And President Kennedy's program to send young peace missionaries to the turbulent young republics emphasizes the need of language facility.

Language is the commercial as well as the diplomatic key to success in winning confidence. A knowledge of idiom leads to a quick recognition of cultural values. Without it we are shut off from a necessary asset to friendly understanding. English is a grand tongue, and has a vitality for expressing ideas. But we must break the language barrier to get inside the hearts and minds of our neighbors, and the sooner the better. —A.M.S.

ON YOUR DESK... two telephones can't live as cheaply as this one



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